FINANCIAL TIMES

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WORLD NEWS

Channel ferries collide

Two Sealink freight ferries collided in thick fog off Dover yesterday. No one was hurt.

The British-crewed Cambridge and the French-crewed St Eloi both sustained bow damage but were able to sail into Dover

At the Zeebrugge ferry disaster inquiry in London, assistant bosun Mark Stanley said it was his job to close the bow doors on the Herald of Free Enterprise, but he was asleep in his cabin when the ship capsized.

Aircraft impounded

Customs officers impounded an Air Canada airliner, allegedly involved in drug smuggling, for four hours at Heathrow. It was freed after the airline paid a £10,000 fine.

Waterways criticism

The British Waterways Board, responsible for more than 2,000 miles of inland waterways, has been accused of serious management deficiencies. Back Page

Murder police free man

The man held by Northumbria police investigating the murders of three schoolgirls was released wtihout being charged.

Mideast talks denial

Jordan denied Israeli claims that King Hussein and some Israeli government members had agreed on terms for an international conference on the Arab-Israeli dispute.

May Day rallies

May Day rallies were held around het world. In Sri Lanka, police fired on crowds defying a ban; two people died. Polish police broke up pro-Solidarity demonstrations in Warsaw, Wroclaw and Poznan. Workers protested at government austerity policies in Madrid and Athens. Moscow slogans called for nuclear arms cuts in Europe. Rallies were banned in South Africa and none was held in Iraq, where unions were abolished in March. Page 2

Webster backed for CIA

The US Senate Intelligence Committee voted to back FBI head William Webster to become director of the Central Intelligence Agency. The full Senate is expected to confirm this.

Alfonsin plea

President Raul Alfonsin appealed to Argentine opposition political parties and groups to join a social pact to defend democracy. Page 2

Popular schools pledge

Popular state schools will have to take as many pupils as they can accommodate if the Tories win the election, Education Secreatry Kenneth Baker said. Page 6

Coin reform proposal

The Government plans consultations on changes to Britain's coinage. Smaller versions of the 5p and 10p coins are possibilities. Page 6

Papers to go to court

The Guardian and Observer newspapers are to return to the High Court to try to overturn injunctions banning publication of allegations of MI5 misconduct. Page 4

Musical closes

The West End musical Cabaret closed after the breakdown of talks with the Musician's Union over the sacking of five musicians for alleged bad playing and drunkenness.

Financial Times

The Financial Times will not be published on Monday.

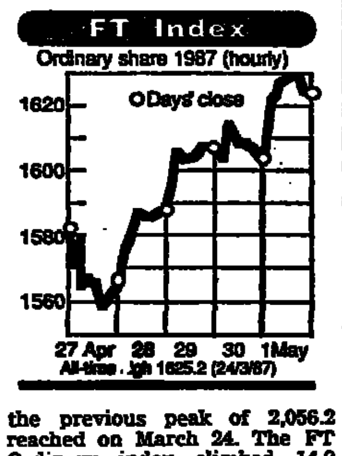
BUSINESS SUMMARY

Trade figures lift pound

BALANCE of payments current account showed an estimated £175m surplus in March, raising the surplus for the first three months of the year to £625m. The last three months of 1986 showed a £756m deficit.

The figures contributed to a further strengthening in sterling's value, triggering Bank of England intervention to brake the rise. Back Page

UK EQUITIES: Prospects of an imminent cut in British interest rates helped the market to new highs. The FT-SE 100 index rose 18 points to 2,068.5, comfortalfy clear of the previous peak of 2,056.2 reached on March 24. The FT Ordinary index climbed 14.9 points to reach a new peak, at 1,626.9. Page 14



DU PONT, largest US chemical group, is to sell its high-density polyethylene business and supporting ethylene production to Cain Chemical, for $517m (£311m). Page 12

SUPERFOS, Danish industrial company, is to sell Royster, the US fertiliser manufacturer it bought in 1984, for an undisclosed price. Page 12

DOME PETROLEUM: Creditors have split on the best way to protect their interests during the struggle for control of the crippled Canadian oil and gas producer. Page 12

ITALIAN stock markets' regulating authority, Consob, has agreed a reform package aimed at enabling Italy to join the EEC-projected liberalisation of financial markets. Page 12

PRICES for young Bordeaux vintage wines are falling for the first time in more than a decade. Back Page

INDEPENDENT television companies have been warned by leading advertisers to stem spiralling costs or risk losing business. Page 3

WOLVERHAMPTON & DUDLEY Breweries has disposed of its 5 per cent stake in Vaux Group, hotels and breweries company, ending speculation that it might launch a bid. Page 10

WARDLE STOREY, plastics sheeting and survival equipment group, failed in its bid for Chamberlain Phipps, shoe components and adhesive company. Page -

GOVERNMENT is expected to decide soon on the level of cash support it will give British Aerospace to participate in developing the next generation of Airbuses. Back Page

BRITISH RAIL and **SNCF,** French state-owned railway, are expected to tell Eurotunnel, the Anglo-French Channel tunnel consortium, that they are not prepared to raise their financial offer for using the tunnel. Page 6

NABISCO GROUP, biscuit and cereal manufacturer, is to close its factory in Bermondsey, south-east London, with the loss of about 1,000 jobs. Page 6

Prime rates lifted on Fed statement over dollar support

BY OUR FOREIGN STAFF

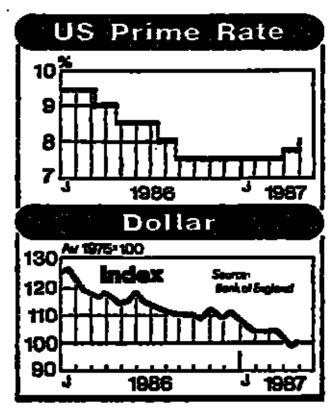
LEADING US banks raised their benchmark prime lending rates to 8 per cent from 7¾ per cent yesterday following the confirmation by Mr Paul Volcker, the US Federal Reserve Board chairman, that the US central bank had been tightening monetary policy to help support the fragile dollar.

Earlier in Tokyo Japanese short-term money market rates fell after the Bank of Japan confirmed it was pushing rates down on the prompting of Mr Yasuhiro Nakasone, the Prime Minister, who pledged to cut Japanese interest rates during his talks with President Ronald Reagan.

However, the Japanese central bank said it had no immediate plans to cut Japan's official discount rate, now standing at 2.5 per cent.

In Washington yesterday the White House described as co-ordinated the decisions of the Japanese authorities to lower Japanese interest rates while the Fed tightened credit, saying the decisions demonstrated the capacity of the two countries to co-operate on economic policy issues.

Mr Marlin Fitzwater, the White House spokesman, briefing reporters following the final round of talks between Mr Reagan and Mr Nakasone, gave cautious Administration support to the actions of the Fed in "snugging" monetary policy—a move which contributed to yesterday's prime rate rise.



"We agree with the current course of monetary policy," Mr Fitzwater said. The Administration hoped the rise in interest rates would be temporary, he said, but the White House hoped the Fed move would help to preserve the gains made against inflation.

Some Administration officials, notably Mr James Miller, the budget director, have indicated that they do not support the Fed's policy. However, the White House statement yesterday will tend to damp down speculation that Mr Volcker's move might not have had the support of the Administration's main economic-policy makers.

It provides further evidence in particular that the Fed chairman and Mr James Baker, the US Treasury Secretary, are not at odds about the need to defend the dollar. Mr Baker has recently said the possibility of a further decline in the dollar would be counterproductive.

This, in turn, should provide some reassurance to financial markets about the determination of the US authorities, both at the White House and the Fed, to defend the currency. It will also hearten those in the financial markets who believe Mr Volcker should be reappointed Fed chairman in August. They had been concerned Mr Volcker's bold and unusual statement on Thursday, thatt he fed was tightening monetary policy to defend

Continued on Back Page
Editorial comment, Page 8; Money markets, Page 14; Lex, Back Page; Record Japanese trade surplus, Page 3; UK trade balance, Back Page; US-Japan trade, Back Page

Kinnock in attack over Labour Party dissenters

BY DAVID BRINDLE,

MR NEIL KINNOCK, the Labour leader, yesterday delivered a stinging rebuke to those expressing dissent within the party during preliminaries to the general election. In a forceful defence of the decision this week to bar Ms Sharon Atkin from standing as parliamentary candidate in Nottingham East he bitterly attacked those who substituted what he called lurid gestures for responsibility to the party and to the electorate.

He told the Wales TUC conference at Tenby: "I will take action. We in this party will take action, because we are not going to be kicked around, jeered at by our enemies and misrepresented by the fringes, the tendencies, the sections and other hassles that hang on to the tail of the Labour Party."

His remarks, evocative of his denunciation of the former Labour leaders of Liverpool city council at the party conference in 1985, were seen as a deliberate move to assert publicly his authority and his capacity for strong leadership.

The departure from a speech attacking the Government's record was well received by conference delegates, typically middle-of-the-road Labour supporters who were determined to rally behind the party leader, who is Welsh, on his home ground.

Mr Kinnock at no stage named Ms Atken, a supporter of black sections within the Labour Party who was dropped as a candidate after calling the party racist.

He said it was not an offence to continue making a case on an issue, as she had done on black sections, after losing a vote on it at party conference. "But it is an offence to make that case in a way that damages the party to the point of bringing it into public disrepute.

"If a candidate—a candidate—calls the party racist it is not just an insult against the people of all races in the party who have a long record of activity in combating racism and struggling for racial equality at home and abroad; it is not just a malevolent, unjust taunt; it is an offensive demonstration of irresponsibility and incapacity."

Labour Party rules were gentle and tolerant in requiring discipline. However, discipline meant putting other people before your own enthusiasms.

Mr Kinnock said: "This is a serious, national, democratic, *anti-racist party, contesting for* the power to advance the people of our country, not a fun-run where anyone can turn up, join up and dash off in every direction as the whim takes them.

"This party cannot afford—this leader will not accept—the idea that the noises of the self-indulgent and unrepresentative minority should obscure or misrepresent the real message of a great majority of the Labour movement and Labour Party."

He said that to deliver the people of Britain, Labour needed power; to win power, Labour had to show its fitness to exercise it, by overwhelming those who manifested their unfitness to do so.

Continued on Back Page
Unions and Labour Party, Page 9; Roy Jenkins attacks the Tories, Page 6

Ratners bids £309m for CES

BY PHILIP COGGAN

RATNERS, Britain's biggest jewellery chain, yesterday launched a £309m recommended offer for Combined English Stores, the second largest high street jeweller, which would create one of the country's largest retail chains.

If approved by shareholders, it will unite the Ratners, H. Samuel, and Terry chains with CES's Zales, Weir, and Collingwoods outlets. The combined group would have 922 jewellery outlets and 522 other shops and a share of the jewellery market of between 15 and 20 per cent, based on its own estimations.

Woolworth Holdings, which had been widely rumoured to be interested in parts of CES, said yesterday it was monitoring the situation closely.

Earlier merger talks between Ratners and CES broke down in March after details were leaked to the Press. Discussions then were centred on Ratners buying just the CES jewellery stores.

"We weren't prepared to pay the £85m-£100m being asked," Mr Gerald Ratner, chief executive, said yesterday.

The new deal will involve Ratners acquiring the whole CES group, which also includes Salisbury's, the fashion accessories chain, Allen's, the chemists, Paige, the women's clothing retailers, and travel companies. The group also includes the 56-store Biba chain in West Germany.

Mr Ratner said yesterday the deal would allow Ratners to get close to its long-term objective of 1,000 jewellery stores in a single leap. Salisbury's was an obvious fit into the group, he said, but CES's other interests were less compatible. However, the board of Combined English Stores would be staying on to manage the group and the non-jewellery interests were "highly profitable and sellable."

Ratners estimates its pre-tax profits for the 43 weeks to January 31 at £22.3m—a 92 per cent improvement on the pro forma profits achieved in the preceding year. In the current year, sales in the H. Samuel and Ratners chains have so far been 57 and 43 per cent higher respectively than 12 months before.

Goldsmiths, the jewellery company recently acquired by Swedish stores chain Oriflame, yesterday called for the bid to be referred by the Office of Fair Trading to the Monopolies and Mergers Commission.

Ratners is offering 21 of its ordinary shares for every 20 in Combined English Stores, valuing each CES share at 376p, and 100p in cash for each preference share. Full acceptance of the offer would involve Ratners issuing 85.7m new shares, or 44 per cent of the enlarged equity. There is a cash alternative of 341.25p per share.

The board of CES intends to accept the offer in respect of the 2.15m shares, 2.74 per cent of the equity, which it owns. Mr Ratner also said he had spoken to Warburg Investment Management, which owns about 16 per cent of CES and 9 per cent of Ratners.

Shares in Ratners closed up 6p at 363p and those of CES were up 38p at 360p.

Ratners not yet home and dry, Page 10; Lex, Back Page

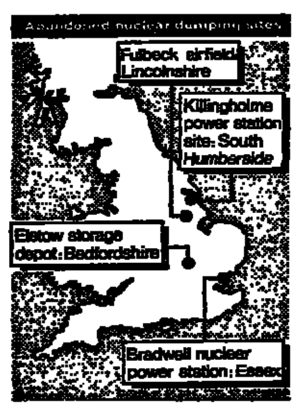
Government calls off nuclear waste site tests

BY TOM LYNCH AND MAX WILKINSON

THE GOVERNMENT yesterday abandoned plans to put low-level nuclear waste in shallow trenches at one of four possible sites around the country. This followed public and political pressure to do so.

The Nuclear Industry Radioactive Waste Executive (Nirex) had encountered strong local opposition to test drilling at the sites, all in Conservative parliamentary constituencies. The Government also expected strong opposition at a planning inquiry, once a site had been chosen.

The proposed sites were at Killingholme, South Humberside; Fulbeck, Lincolnshire; Elstow, Bedfordshire and Bradwell, Essex. Mr John Baker, chairman of Nirex, said yesterday it had recommended that the shallow burial plans should be abandoned because of revised cost estimates.



Because of public anxieties, he said, Nirex had been forced to adopt what he called a "Rolls-Royce" solution to the need to build shallow depositaries, even though some of the engineering safeguards were not technically necessary.

So the cost of shallow burial of low-level wastes was estimated at about £160m to £200m, in present value terms, over the next 50 years.

This was about the same as the cost of adding the low-level material to wastes with an intermediate level of radio-activity, and buying both in very deep shafts under land or the seabed.

The Nirex chief denied that the body had been pressed by the Government, but it seems clear that extensive discussion preceded the formal exchange of letters with Mr Nicholas Ridley, Environment Secretary.

In the Commons yesterday, the latter's assurances that the change of policy was motivated only by considerations of costs provoked derisive laughter from the opposition. Its MPs broadly welcomed the decision but Mr David Clark, Labour spokesman on environmental issues, said: "The Government has only acted in a squalid attempt to save itself electoral embarrassment."

It was widely believed that the abandonment of the sites was at least partly intended to help the prospects of four Conservative MPs at the next election, particularly those of Mr John Wakeham, the Chief Whip, member for Colchester South and Malden.

Sir Bernard Braine, whose Castle Point constituency is close to Mr Wakeham's, said yesterday that the chief whip had "empowered me to say how delighted he is with this wise decision."

At a hastily convened news conference yesterday, Mr Baker said the decision to abandon tests at the four possible sites would mean about £15m having to be written off. However, some of the basic research work would be useful for the investigation of deeper burial sites, he said.

The Government and Nirex were careful yesterday to avoid giving any hint of where the eventual sites for deeper burial might be, or even of what technology might be favoured.

The main options are: to sink new shafts on land, possibly into deep rock formations, to adapt abandoned mineshafts, to drill under the North Sea from a platform or to drill slanting shafts under the seabed from the shore.

One option being considered would be to put the waste material into steel canisters, which would be sent by hydraulic pressure from a shore station to under-sea shafts. The canisters could be constantly monitored, and withdrawn if any leakage were detected. A more convential solution would be to encase the material in concrete deep underground.

No decision is likely for several years, perhaps not even in the next Parliament. The Nirex chief said a deep disposal system would probably not be in operation until the next century.

Meanwhile, intermediate-level waste will continue to be stored at nuclear sites and low-level waste will be buried at Drigg, Cumbria.

Mr Baker said one reason for the changed economics of shallow burial was that a recent reclassification of wastes meant that a substantial amount of waste that had been considered low-level was now classed as intermediate, and so unsuitable for shallow burial.

This meant that volumes available for shallow burial had become less than envisaged and therefore the unit costs were greater.

Background, Page 6

WEEKEND FT

BHUTAN

Traditional values and "gross national happiness" are as important as GNP in this tiny mountain kingdom between India and China.

Page I

FINANCE

Rolls-Royce names its price.

Page V

FASHION

Today's Paris fashion message speaks with a thousand voices rather than just one.

Page XII

ARTS

Theatre in Britain spreads international wings.

Page XIX

Clocks and watches—a Special Report.

Pages XV-XVII

MARKETS

DOLLAR

New York lunchtime:
DM 1.7805
FFr 5.947
SFr 1.459
Y140.3
London:
DM 1.7795 (1.798)
FFr 5.95 (6.0)
SFr 1.46 (1.477)
Y140.35 (140.6)
Dollar index 100.2 (100.5)
Tokyo close Y140.3

US LUNCHTIME RATES

Fed Funds 7⅞%
3-month Treasury Bills:
yield: 5.72%
Long Bond: 98⅞
yield: 8.56%

GOLD

New York: Comex June latest $457.9
London: $454.25 ($452.75)

STERLING

New York lunchtime $1.671
London: $1.669 (1.6605)
DM 2.975 (2.985)
FFr 9.9325 (9.9625)
SFr 2.4375 (2.4525)
Y234.5 (233.5)
Sterling index 73.3 (73.2)

LONDON MONEY

3-month interbank:
closing rate 9⅛% (9¼)

NORTH SEA OIL

Brent 15-day May (Argus)
$18.6 ($18.325)

STOCK INDICES

FT Ord 1,626.9 (+14.9)
FT-A All Share 1,032.48 (+0.9%)
FT-SE 100 2,068.5 (+18.0)
FT-A long gilt yield index:
High coupon 8.90 (8.92)
New York lunchtime:
DJ Ind Av 2,297.59 (+11.23)
Tokyo:
Nikkei 23,680.89 (+406.06)

Chief price changes yesterday, Back Page

Austria Sch 22; Bahrain Din 0.650; Belgium BFr 48; Canada C$1.00; Cyprus C£0 75; Denmark DKr 9.00; Egypt E£2.25; Finland Fmk 7.00; France FFr 6.50; Germany DM 2.20; Greece Dr 90; Hong Kong HK$12; India Rup 15; Indonesia Rp 3,100; Israel NS 3.50; Italy L1,600; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon £L50.00; Luxembourg LFr 48; Malaysia Rin 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 3.00; Norway NKr 7.00; Philippines Pes 20; Portugal Esc 100; S Arabia Rls 5.0; Singapore S$4.10; Spain Pta 125; Sri Lanka Rup 30; Sweden SKr 8.00; Switzerland SFr 220; Taiwan NT$65; Tunisia Din 0.800; Turkey L500; UAE Dh 6.50; USA $1.00; Bermuda $1.50.

CONTENTS

Taiwan cabinet 'approves more tariff cuts'

BY ROBERT KING IN TAIPEI

TAIWAN'S drastic tariffs cuts on more than 860 items recently, as well as similar cuts planned on more than 300 consumer items, represent only the tip of the iceberg, a high government official said yesterday.

According to Mr George Yang, recently-appointed director of Taiwan's Industrial Development Bureau, the Cabinet has approved a far-ranging series of further cuts which will phase out Taiwan's policy of protecting its home industries within the next year.

Tariffs will be cut to between zero and 5 per cent on basic materials, to no more than 10 per cent on intermediates, and to around 20 per cent for downstream products Mr Yang said.

"It's a basic principle, of course, we're facing a lot of bargaining from the various industries concerned, but nevertheless, within a year we're going to that level."

No industrial products would be taxed at more than 30 per cent 12 months from now, except for a few, such as automobiles, whose tariff levels have already been scheduled by the government for specific reductions over specified periods.

Motorcycles, digital telecommunications switches, special chemicals, pharmaceuticals, and radial tyres also fall into this category.

"In the future, we'll foster industries using education, research and development, information — including better planning — and financial tools such as are used worldwide, instead of protectionism," Mr Yang added.

Taipei has come in for increased criticism, especially from the US, its major trading partner, over trade surpluses which Taiwan continually enjoys while effectively sealing off its own markets to imports with restrictively-high tariffs and even outright bans on some products.

Without such tariff reductions and other measures to improve trade flow, Taiwan could prove to be a major target of protectionist legislation such as the Gephardt amendment passed this week by the US House of Representatives.

Dumping of EPROMs has stopped, say US groups

BY LOUISE KEHOE IN SAN FRANCISCO

US CHIP-MAKERS are agreed that Japanese companies have stopped dumping EPROMS (eraseable programmable read-only memory chips) in South-east Asia, removing a major element of the US-Japanese semiconductor trade dispute that led to the US placing tariffs on selected Japanese products last month.

Intel, National Semiconductor and Advanced Micro Devices, the three major US manufacturers of EPROMS who together filed an anti-dumping suit against Japanese semiconductor producers last year, all say that Japanese EPROM prices have risen significantly since the sanctions were imposed.

"Dumping has stopped. The Japanese Government has got control over memory chip exports," said Mr W. J. Sanders III, chairman of Advanced Micro Devices. "The trade sanctions imposed by President Reagan have been a success.

"We have seen a big increase in orders for EPROMS from South-East Asia. Our April orders exceeded those for the entire first quarter," Mr Sanders said.

His remarks followed similar comments by National Semiconductor's chief financial officer Mr Gary Arnold. He said that the dumping had stopped and that National believed that the Japanese were making a sincere effort to comply with the anti-dumping aspects of the US-Japanese semiconductor trade agreement signed last September.

The industry executives' comments reflect rising optimism in Silicon Valley that the US-Japanese trade pact will eventually work. That optimism is tempered, however, by suspicious that the improvements may be only short term.

Taking a more cautious view, Intel agreed that dumping had eased, but said "It is too soon to tell whether this represents a long term trend."

US trade officials are also cautious. It will be mid-May before semiconductor price data for April is complete, they said. Only at this point can an official determination be made on whether dumping has ceased.

Alfonsin calls for 'social pact' to defend democracy

BY TIM COONE IN BUENOS AIRES

PRESIDENT RAUL ALFONSIN yesterday made a passionate appeal to opposition political parties and the trades unions in Argentina to agree on a "social pact." He said this was the only way the country's democracy could be consolidated and protected.

This was President Alfonsin's first public statement since the Easter military rebellion by army officers and it underlines his concern that he may face a further challenge from the military over the unresolved issue of human rights trials.

Opening the new session of Congress, Mr Alfonsin said Argentina was "in a transition to democracy" and this meant the political parties had "an historic responsibility which transcends any electoral period or term of government." The responsibility, he said, was to "reconstruct a country which has lost its direction."

Government, trades union and business leaders have been locked in negotiations over the past two weeks to lay the basis of a political and economic accord but have failed to agree.

Proposals by the industrialists and trade unions, supported by the Labour Ministry, are diametrically opposed to the policies pursued by the Economy Ministry, especially the price and wage freeze and tight monetary controls. Details have still not been released on a general wage increase that was approved last week against the wishes of the Economy Ministry.

President Alfonsin made only oblique references to the Easter rebellion in his speech controversial issue of possible legislation aimed at absolving and avoided mentioning the junior officer rank from responsibility for abuses committed during the military junta of 1976-83.

Attempts to reach a political consensus on the issue with the opposition Peronists have failed as inded they have within the ruling Radical Party. One leading radical Senator said there existed "deep divisions" within the party over the issue.

It was the trials of junior and midle ranking officers that sparked the Easter rebellion.

Swedish bid 'favoured in Australia sub deal'

By Our Foreign Staff

KOCKUMS AB, the Swedish shipbuilding company, remained silent yesterday about reports from Australia that key parliamentary committees have decided it should be awarded the $2.7bn contract for six new submarines.

The Australian Cabinet is due to decide this month whether to award the contract to Kockums or to Howaldtswerke - Deutsche - Werft (HDW) of West Germany.

Australian Labor Party sources said both the committees had endorsed the Navy's preference for the Swedish bid. However, Mr Kim Beasley, the Australian Defence Minister, has been thought to be narrowly in favour of the West German bid.

The Labor Party sources said the Cabinet would find it difficult to oppose the recommendations of the parliamentary committees.

"We will make no statement," was all Kockums would say.

The same reports say the committees recommended that Rockwell International of the US rather than Signaal of Holland should build the combat systems for the new submarines

Funding for US embassy in Moscow opposed

By Nancy Dunne in Washington

THE SENATE Appropriations Committee, still furious about the listening devices built into the new US embassy chancery in Moscow, voted on Thursday night to stop funding for construction.

The committee demanded "prompt and full reimbursement" from Moscow for the damages, and voted to ban the Soviets from occupying its new embassy in Washington until the American chancery is finished.

However, the State Department is still considering a plan not to destroy the new building but to erect a separate, smaller office alongside the chancery to conduct secret business.

Meanwhile, the Marines have begun court proceedings to determine if there is sufficient evidence for court martial against Corporal Arnold Bracey, one of the four marines accused of security breaches in the Soviet Union. Cpl Bracey has retracted statements which provided critical details about the alleged espionage activities. Without his testimony, there may not be sufficient evidence to proceed with the prosecution.

Senate committee backs Webster

The Senate Intelligence Committee voted 15—0 to confirm Mr William Webster, current head of the Federal Bureau of Investigation, as director of the Central Intelligence Agency, Reuter reports from Washington.

The nomination now goes to the full Senate, which is expected to confirm Mr Webster as the replacement for Mr William Casey, who resigned as CIA director because of poor health.

Soviet pact 'will boost wheat price'

Grain traders yesterday predicted that US wheat prices would be supported by the Soviet agreement to buy 4m tonnes of subsidised American grain, Nancy Dunne reports from Washington.

Tony Walker previews a brave man's attempt to stage a Verdi opera in the desert

Aida comes home to Egypt's heat and dust

IT IS a brave man who defies the laws of artistic temperament and Egyptian bureaucracy to stage a full-scale opera away from an established setting. Yet tonight, in Luxor in Upper Egypt. Aida will be performed in the forecourt of an ancient temple on the banks of the Nile.

Guiseppe Verdi may not have approved the result artistically, but he would almost certainly have applauded the choice of venue. The Italian composer had in mind the great temples of Upper Egypt when he wrote the music for Aida more than a century ago.

Verdi, who never visited Egypt, could not have envisaged, however, the technical difficulties of staging an elaborate opera in such a grand — though primitive — setting as the ruins of the Luxor Temple, built more than 3,000 years ago.

"The biggest problem has been to create a theatre out of nothing," said Gustavo Franchetto, spokesman for the Opera di Verona. "For sure it's the most difficult production we've undertaken logistically."

Egyptian-born businessman Fawzi Metwalli greets the tenor Placido Domingo on his arrival at Luxor

British carpenters, an Australian architect, Italian technicians from the opera company and Egyptian workers have been labouring to construct an elaborate stage, seating for 4,000 and facilities for the orchestra.

They were supervised by officials of Egypt's Antiquities Department worried about possible damage to ancient monuments.

Not everything has gone smoothly. Egyptian customs held up 20 tonnes of equipment from Italy, including 40 kilometres of cable, delaying preparations for more than a week.

"We've had problems with people who want a piece of the cake," said Mr Fawzi Metwalli, the Vienna-based travel agent, rug dealer and merchant who is staging Aida to fulfil a boyhood dream.

Mr Metwalli may now regret the impulse. He expects to lose $1m on the $10m production.

He had hoped to sell 35,000 tickets for the opera's 10-day run. He managed to sell less than half, and to compound his problems, Egypt's tax authorities are pursuing him.

Mr Metwalli, by the end of this week, appeared jaded when he faced the Press whom he accused of writing negative stories about preparations, thereby depressing ticket sales.

But the opera itself promises to be a splendid event, even though the purists would probably find fault with the acoustics and the staging.

Egyptian extras from the police academy and from Nubia in Upper Egypt have not been the most disciplined participants in the triumphal march, one of Aida's more dramatic sequences.

Aida, the story of a tragic love affair between an Egyptian military commander and an Ethiopian princess, was first performed in Cairo in 1871. It was commissioned by the Khedive Ismail, Egypt's ruler, to commemorate the opening of the Suez Canal in 1869.

Verdi was paid 1,500 gold francs for the score, a huge sum in those days. It was one of the Khedive's many extravagances and he ended up bankrupting Egypt.

The Opera di Verona, which is being paid L3bn (£1.8m) for the production, has brought a 500-strong company from Italy, including dancers, principal singers, orchestra, chorus and technicians.

The influx of Italians into this small, dusty Upper Egyptian town has made a big impact. Touts and money changers have altered their persistent calls of "Hello mister" and "Change money" to "Buona Sera" and "Cambio."

The uncertain quality of Egyptian cuisine has taken its toll on the cast. The chorus and dancers have had their numbers thinned in rehearsal. A British worker was sent home because it was feared he had hepatitis.

A combination of Italian volatility and Egyptian insouciance has not always produced the best results. Producers and directors of the Opera di Verona have invariably had to wait until "tomorrow" for things to get done.

"You know the problem," said the fatigued director of the chorus. "They always say 'yes,' but nothing happens."

Somehow, the bits and pieces fell into place for the dress rehearsal on Thursday, which went relatively smoothly except for a horse and rider coming to grief near the orchestra pit.

The press itself has been a rival show in Luxor this week, helping to promote contradictory rumours and an atmosphere of fraught expectation. There has been much speculation about the cast of notables who might attend.

Reports reaching Luxor, more than 600 kilometres up river from Cairo, suggested that both Princesses Caroline and Stephanie of Monaco had been sighted in the Egyptian capital along with Elizabeth Taylor. Ex-King Constantine of Greece was among royalty mentioned as possible guests. King Hussein and Queen Noor of Jordan are said to have been invited by Egypt's President Hosni Mubarak.

The organisers were not saying who might attend among prominent figures, except to deny rumours that the tenor Placido Domingo was thinking of pulling out of the opening night—he is only doing one performance because of the heat and dust.

Opera-goers, who have paid between $250 and $750 each, will be transported from Cairo to the new Luxor Airport by Egyptian shuttle. Hotels, including the Winter Palace, where many of the cast are staying, are booked solid. Nile ferries will take care of the overflow.

Security is a concern. Alsatian "sniffer" dogs have been patrolling the area in search of explosives. These dogs provided an impromptu accompaniment during a rehearsal when they started barking, apparently at the presence of a subdued lion in the triumphal march procession.

The authorities fear other intrusions and have closed streets surrounding the temple. Mosques in the area have been asked not to use their loudspeakers after 9 pm.

The Opera di Verona was chosen to perform Aida because of its long association with the works of Verdi and its experience in staging open-air opera. "I hope I'm not sounding immodest, but the Opera di Verona has the greatest experience and capability for open-air performance," Gustavo Franchetto said.

Organisers hope that a successful performance of Aida will encourage Egypt to allow other cultural works to be staged at historical sites. The British National Theatre Company is planning a production of Antony and Cleopatra at the Pyramids in October.

But Mr Metwalli has no plans to stage a second Aida in Luxor next year. He cited cost and difficulty of organisation as reasons for saying "Once is enough."

Ban deflates S Africa's black May Day

BY ANTHONY ROBINSON IN JOHANNESBURG

A GOVERNMENT ban on rallies planned by black trade unions ensured that South Africa's first legal May Day holiday was celebrated yesterday with far less effect than last year when 2m black workers stayed away from work and mass rallies were held around the country.

Ironically, thousands of white miners went to work as normal, in protest against what Mr Arrie Paulus, the white miners' union leader and Conservative Party candidate in the mining constituency of Carltonville, described as the Government's capitulation to black pressure for a Communist-style Labour Day.

While black union leaders attacked the ban on rallies as making a mockery of May Day and prepared for two days' undefined "peaceful protest" to coincide with next weeks whites-only elections, business leaders expressed their anger at what they see as the Government's attempt to smear Mr Chris Ball, managing director of the forme Barclays National Bank.

The board of the recently re-named First National Bank issued a statement expressing its "full confidence in, and continued support for Mr Ball as managing director."

The statement was issued in response to the finding of the Munik Commission that Mr Ball kne win advance that a Rand 100,000 overdraft be granted to an Indian businessman in January was intended to finance newspaper advertisements calling for the unbanning of the African National Congress (ANC). Mr Ball continues to deny this.

The one-man commission of inquiry headed by Mr Justice Munnik, former Chief Justice of the Cape, was set up at the personal command of President P. W. Botha.

The timing of the report, one week before the elections, is seen as part of the Government's campaign to discredit the ANC and those in the business community, like Mr Ball, who in the past have called for negotiations with what the Government describes as a Communist-inspired terrorist movement.

In a personal statement, Mr Ball said: "I am totally opposed to violence and therefore cannot and do not support terrorism or revolution or people or movements who promote them.

"I believe in negotiation reconciliation . . . My view is that businessmen have a right and duty to participate in the debate on socio-political issues."

Mr Jimmy McKenzie, senior general manager of the now totally South African-owned bank following Barclays plc's disinvestment last year, confirmed that the bank had lost accounts as a result of the controversy raised by President Botha's allegations.

National Party election propaganda has attacked the white opposition Progressive Federal Party (PFP) as being soft on the ANC and Communism.

The alleged campaign against Mr Ball, who carried out a perfectly legal banking operation, is seen as a thinly-veiled attack on the PFP's financial backers among the business community

Moscow celebrations put accent on peace

BY DAVID BUCHAN IN MOSCOW

A MULTITUDE of slogans and parade floats calling for elimination of medium-range nuclear missiles in Europe put a heavier and more specific accent than usual on peace in the traditional May Day demonstration in Red Square presided over by Mr Mikhail Gorbachev, the Soviet leader, yesterday.

"Demand a constructive answer to the proposals of the Soviet leadership on medium-range missiles in Europe," was the none-too-concise message on one float. "No to Euromissiles—we are for serious negotiations in Geneva," said another.

The May Day parade has for some years now left the military hardware and Politburo speechifying to that other red letter date in the Soviet calendar, Revolution Day in November.

On the first really warm Moscow day this year, Mr Gorbachev and his Politburo colleagues arrived in coats and hats atop the Lenin mausoleum, laid their hats down in a row and stood for two hours acknowledging the orchestrated cheers of the passing procession

Arms control apart, the dominant theme of the sloganeers was Mr Gorbachev's "perestroika" or reconstruction. One notable slogan had a "perestroishchik" (a reconstructor) with slogan in hand saying "forward." H was, however, sitting on a tortoise, and there was the explanation: "He does not really want to move."

Another, almost Thatcherite, slogan was held high by representatives of a factory which advertised itself as having last year cut its work force by 13 per cent, but still beat its plan targets by 36,000 roubles.

Massed riot police in the larger Polish cities snuffed out Solidarity attempts to stage independent May Day marches yesterday. At the same time General Wojciech Jaruzelski, the Polish leader, told thousands of official marchers that the process of democratisation in Poland was continuing.

Mr Lech Walesa in Gdansk attended a church service in the morning and then issued a statement retiterating his movement's demands for civil and trade union rights.

In Warsaw police stopped hundreds of people from attending a service at St Stanislaw church, which has become a traditional Solidarity rallying point. A few score were detained and some received injuries in scuffles with the police.

Mulroney scores coup on Quebec

By Robert Gibbens in Montreal

MR BRIAN MULRONEY, the Canadian Prime Minister, has scored a political coup by reaching broad agreement with all 10 Canadian provinces on a formula to allow Quebec to accept the Canadian constitution adopted in 1982.

A formal federal-provincial conference will be held later to put the agreement into full legal form. Quebec has won a limited veto power over constitutional change. The removal of its traditional veto was the main reason for its refusal to sign in 1982. That veto was always a matter of custom, not of law.

For Mr Mulroney, the agreement is important and will help to restore the sagging fortunes of his Progressive Conservatives in Quebec and elsewhere.

"We now have a whole country again," he said after his meeting with the provincial premiers in Ottawa.

For the Quebec Premier, Mr Robert Bourassa, and his federalist Quebec Liberals, the agreement is also a major step and a denial of extreme Quebec nationalism. "We have got the power to say 'no' when constitutional change goes against Quebec's interests," he said.

Quebec also wins recognition as a distinct French-speaking society within the Confederation, with greater powers over immigration, a role in appointing judges to the Supreme Court of Canada and the right to financial compensation if it opts out of federal spending programmes.

The concessions to Quebec, though hedged in by conditions, have also in many cases been extended to the other provinces. This was the key to the agreement.

All provinces will have a veto over constitutional change affecting the House of Commons, the Senate, the Supreme Court and the creation of new provinces. There is a commitment to a future reform of the Senate, at present a non-elective upper house of the federal parliament.

Candidates are selling what they did in the past, not what they will do in the future, Richard Gourlay reports

Philippines poll campaign revives whiff of traditional politics

THE WALLS in Manila are growing daily thicker with pictures of beaming, earnest, severe, or heroic political hopefuls for this month's (May 11) national elections.

Busy teams of the party faithful scurry about day and night pasting up their candidate's posters, often over photos of their smiling opponents.

Indecently close to dawn, while wise folk are sleeping off the effects of the previous night's viewing of countless political talk shows, cars cruise the streets blaring out a cacophony of catchy but distorted campaign jingles.

Democracy is returning to the Philippines. The process that began when President Corazon Aquino took over from Ferdinand Marcos in February 1986 will come to a head on May 11 when the country chooses 200 Congressmen and women and 24 Senators.

With democracy's return has come a whiff of the traditional politics that in the past gained Philippine elections the reputation of being won by "guns, goons and gold."

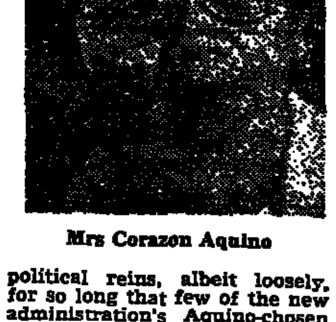
Already at least 37 people have been killed in campaign violence including three Congressional candidates and at least eight campaign workers. Earlier this week a provincial police chief was ambushed and killed. The official commission on elections (COMELEC) has taken control of these areas listed as political hot spots by the army. They are all in the southern island of Mindanao. In one area, false voter identification papers have already surfaced.

Not many people have become too excited by this. By Philippine standards, it still remains fairly tame. Manila's Roman Catholic spiritual leader Jaime Cardinal Sin, has vaguely warned his flock to be on guard against a return of traditional politics. Far stronger was his denouncement of parties advocating "Godless ideologies," in a clear reference to the Partido Ng Bayan (People's Party) whose candidates include the founder of the Communist-led New People's Army which has fought a guerrilla war against the Government for the past 18 years.

In a generally issue-less campaign, candidates and voters seem to be most interested in showing how they opposed Mr Marcos. "They are all selling what they did in the past and not what they will do in the future," one Filipino analyst said.

Thus, Mr Teofisto Guingona, one of Mrs Aquino's chosen 24 Senatorial candidates, last month said in summing up his political programme: "I have been hit with truncheons twice, hit by tear-gas twice, and imprisoned twice" (during nine years of martial law under Mr Marcos).

In post-Marcos Philippines, this is the stuff with which elections are won.



Mrs Corazon Aquino

The former dictator held the political reins, albeit loosely, for so long that few of the new administration's Aquino-chosen candidates have much public record to show the electorate. Of those that do have a record, including those in the opposition, many have all-too-obvious skeletons in their cupboards.

Despite this, many old-time politicians seem likely to survive the transition. Former Defence Minister Mr Juan Ponce Enrile's political image has had a top-to-toe scrub-down courtesy of advertising executives from McCann Erickson's Manila office.

If there has been one common theme among candidates—apart from promises to work for the good of the poor that every candidate must espouse—then it is to return integrity to Philippine politics.

One of the quirkiest of Mrs Aquino's decisions is her choice for one of her candidates of a former Natural Resources Minister, Mr Ernesto Maceda, whom she sacked last year after he was linked to allegations of corruption in his ministry.

One former presidential adviser, Mr Rene Saguisag, gets perilously close to the bone with his campaign slogan "Send an Honest Man to the Senate," which drips with implied criticism of his fellow-candidates.

For many the campaign trail has not been easy and they have needed some helpful nudging from the administration. Eyebrows were raised when the Secretary of Local Government started to sack appointed local officials because they were not supporting the administration ticket.

Undoubtedly, Mrs Aquino's personal endorsement has boosted the fortunes of some otherwise unknown names—a clenched hand held high in Mrs Aquino's is one of the most prized photographs for a congressional candidate.

Even though Mrs Aquino has kept a fairly low profile, she has not avoided all controversy. She has repeatedly said she sees no need for an opposition in the Senate because the divergent views of her chosen candidates will provide the necessary checks and balances.

Even so, no one has made the mistake of directly attacking her. The last person to do so was Mr Enrile who opposed her campaign for a new constitution in February. His nose was knocked squarely out of joint by a 78 per cent vote in favour of the constitution, and by implication for Mrs Aquino who had strongly backed it, which demonstrated how widespread her popularity remains.

By the time electors have sifted through over 1,800 Congressional and 89 Senatorial candidates, even the Filipino thirst for politics might have been quenched.

But Manila's walls will not stay bare of smiling candidates nor will the wags in the coffee shops be silenced for long. Campaigns for the positions of mayor, governor and village leaders will begin almost immediately ahead of more elections in August.

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OVERSEAS NEWS

Washington runs up white flag in Parma ham war

BY JOHN WYLES IN ROME

DESPITE the mood of gritty protectionism currently gripping the US Congress, the Reagan Administration has run up the white flag and lowered 19-year-old defences which have kept the famous prosciutto smoked meat from Parma off the American dinner table.

US Ambassador Maxwell Rabb carried the good news to the home of the illustrious old ham on Thursday, declaring without a trace of irony that "this courageous gesture" was a clear demonstration of America's commitment to free trade.

Also, he might have added, of Italian determination to overcome a restriction first imposed in 1968 because of the presence in Italy of swine vesicular disease.

Since then the 231-strong consortium of Parma producers have deployed every possible scientific and health authority to demonstrate that their prized smoked meat can never be vulnerable to traces of the dreaded disease.

American and Italian committees of experts have attested to its purity, pig farms, slaughter-houses and seasoning factories minutely examined, and the behaviour of the swine vesicular virus itself microscopically studied.

But Washington wanted, and has been granted, so much more assurance that it could be said that some Parma ham production will in future be regulated from the US rather than Italy.

Slaughter-houses are to be modified to American specifications, production procedures adapted to American wishes and the establishments from which the processed and duly-cleansed pigs will emerge made subject to spot inspections by US health officials.

Even, it is said, the size of the holes in the mosquito nets shielding the seasoning process have been fixed in Washington.

All of which sugests that the world can return to a free trade regime providing that it embraces "the American way."

Japan's trade surplus hits record $9.3bn in March

BY RICHARD GOURLAY IN TOKYO

TENSIONS between Japan and its trading partners are likely to increase after Japanese officials yesterday reported a record $9.3bn (£5.6bn) trade surplus for March, up $1.9bn on last year, and also revised upwards estimates of the 1986 trade surplus to $101.4bn.

The surplus on the current account rose to $8.25bn in March, compared with $7.38bn in February.

The figures will complicate the task of Mr Yasuhiro Nakasone, Japan's Prime Minister, who is in the US trying to defuse growing protectionist pressure that has already led to the imposition of punitive tariffs on selected Japanese exports.

Japan's Ministry of Finance pointed out that the increase in the trade surplus was smaller when seasonally adjusted, and said the rise was due largely to increased exports of cars, electronics and machinery to the EEC and South-East Asia.

The record figure for March shows little sign of a changing trend, as exports year-on-year grew by 9.7 per cent in dollar terms and imports fell by 2.2 per cent. US Treasury officials have called for an expansion of Japanese domestic demand in order to suck in more imports.

The revised 1986 trade surplus of $101.4bn sets a new record, up from the 1985 record surplus of $61.6bn. Net capital outflow last year rose by $53bn to $145bn, mainly due to a $29bn rise in securities investment overseas to $110bn.

Preminary figures showed unemployment for March at 2.9 per cent, unchanged from February. Unemployment last year hit a record 2.8 per cent.

Boost to C and W hopes for Japan telecoms stake

BY IAN RODGER IN TOKYO

THE HOPES of Cable and Wireless, the UK international telecommunications group, to win a big stake in Japan's telecoms business received another boost yesterday.

A meeting to negotiate a merger between the two consortiums competing for a licence to operate Japan's second international telecommunications service ended with no noticeable progress being made.

Mr Jonathan Solomon, C and W's director of corporate strategy, said: "We are in a stalemate situation."

C and W is a leading shareholder in one of the group.s International Digital Communications (IDC), competing for the licence. C and W, supported by the UK Government, has long opposed the merger proposal, seeing it as an attempt by the Japanese authorities to dilute foreign interests in the project.

Mr Solomon, speaking at a press conference, said the meeting yesterday had succeeded mainly in clarifying the wide differences between the two consortiums on some key issues.

At a separate press conference, officials of the leading compaines in the other consortium, International Telecom Japan (ITJ), confirmed the difficulties. They said they would carry on with themerger negotiations for another two months, but if there was no success by then, they would proceed with a licence application on their own. They complained that ITJ was spending Y50m (£215,000) a month while it was waiting for a decision.

The differences between the two groups were on two main issues. One was equal status for the eight leading companies in the merged company. IDC believes that there would have to be a core group of perhaps two or three companies with authority to run the business.

"You can't have an international carrier run by a committee," Mr Solomon said. Some ITJ directors are however, insiting on equality.

The other issue was the need for a trans-Pacific cable. IDC wants agreement to lay a new cable to be a preconidtion for the merger. ITJ does not believe that the market size warrants the construction of a cable.

Mr Solomon said that attitudes within the consortiums and within the Japanese Government were slowly changing, partly as a result of pressures from the UK and US governments. "Serious reappraisals" were taking place.

Tokyo considers penalties against Toshiba Machine

BY CARLA RAPOPORT IN TOKYO

JAPAN is considering imposing tough penalties on Toshiba Machine, a leading machine tool maker, following police raids on the company's offices

Toshiba Machine has been accused of exporting a restricted computer programme and numerically-controlled machine tools to the Soviet Union. If the allegations are proved Toshiba Machine executives could be sent to jail and the company's exports could be halted for up to a year.

Such a move would be an unusual one. It highlights the intense pressure felt by the Japanese Government to reduce trade tensions with its main trading partners.

Even so, in Washington, five Congressmen have introduced a bill to the House calling for a ban on all Toshiba exports to the US over the incident.

They say Toshiba and Krongsberg, Vapenfabrik of Norway sold the Soviet Union four milling machines that made advanced submarine propellor blades. The blades eliminate the noise that enables the US to detect enemy subs. As a result, Soviet submarines can get within 10 minutes of missile flying time from the US coast.

Toshiba Machine is 50 per cent-owned by Toshiba Corporation, one of Japan's largest electronics companies.

According to the Ministry for International Trade and Industry, the details of the punitive action against Toshiba Machine have not been decided. According to Japanese law, executives from the company could be jailed for up to three years or be fined as much as Y1m (£4,500) for selling the restricted programme to the Soviet Union.

Miti is investigating the allegedly illicit sale of four numerically-controlled machine tools to the Soviet Union by Toshiba Machines in 1984. On this matter, it is planning to impose administrative sanctions, which could mean suspending Toshiba Machine's exports for a year.

Both Toshiba companies yesterday refused to comment.

According to government officials, Toshiba Machine allegedly filed a false application for the export licence of the machine tools and computer programme.

UK NEWS

Thatcher tells CBI of design's importance

By Ralph Atkins

DESIGN is the most important aspect of successful business, Mrs Margaret Thatcher told a conference organised by the Confederation of British Industry yesterday.

The conference, titled Design or Decline, was part of a CBI initiative launched after the Prime Minister's design seminar at 10 Downing Street in January.

Mrs Thatcher said Tuesday's CBI Industrial Trends Survey showed "a new confidence the like of which we have not seen for a very long time."

She wished the delegates success in building on the mood of optimism. "If you succeed, I think it might have quite an effect on my chances, too,"

However, she stressed the importance of design if companies were to compete in world markets.

The CBI is making design promotion a priority this year. The campaign will feature prominently in the run-up to its conference to be held in Glasgow in November.

The conference was attended by about 250 delegates from all sectors of business. Other speakers included Mr Simon Hornby, chairman of the Design Council, and Mr John Butcher, Under Secretary for Trade and Industry.

Advertisers urge ITV to cut costs

BY FEONA McEWAN IN COPENHAGEN

LEADING advertisers, angry at the rapidly rising price of television time, have delivered a stern warning to ITV companies to stem costs or risk losing business.

The cost of television advertising has been rising at an average of 25 per cent to 30 per cent a year for the past two years. This, with a slippage in viewing figures, has meant advertising expenditure declining in effectiveness.

In the first quarter of the year ITV's share of the audience slipped three percentage points in favour of the BBC.

Speaking at the Television '87 conference in Copenhagen, Mr Roger Humm, managing director of Ford Motor Company, a big television advertiser, told an audience of advertisers and their agencies that, although Ford was committed to television, the high costs were causing it to reconsider that commitment. Since the launch of the Ford Granada two years ago, the cost of TV advertising had risen by 40 per cent.

Mr David Hearn, managing director of Smith's Crisps, said the effect on "conventional branded business is enormous." This media inflation was decimating the ability of television to suport brands. The failure to deliver audiences would force many advertisers to examine more creative ways to spend their budgets.

Various big television advertisers—mainly in the fast-moving packaged goods sector, the backbone of television advertising—have already been priced out of television and have been forced to reduce their spendnig or move to other media.

Speaking for the ITV contractors, Mr Richard Dunn, managing director of Thames Television, admitted that programme schedules had been wanting. He also blamed a change in how the television audience is measured, and better weather, for the decline in the numbers of viewers. The late entry of ITV to all-day television was also significant, he said.

Steps were being taken to rectify this, though their effect could not and cannot be immediate, said Mr Dunn, "We are cutting the wages, doubling productivity and reducing film crews." Night-time television, due this year, would contribute valuable extra advertising time, he added.

Enlarged BAe-146 aircraft makes its maiden flight

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITAIN'S contender for the fast-growing 100-seat world airliner market—the enlarged Series 300 version of the British Aerospace type 146 regional jet aircraft—made its successful maiden flight yesterday at the group's Hatfield, Hertfordshire factory.

At the same time, a leading US regional airline, Air Wisconsin, confirmed a $100m order for five of the aircraft. The airline has eight of the earlier Series 200 version of the 146 in service, with another two on order.

The BAe-146 Series 300 is the latest version of the highly successful four-jet airliner of which 65 aircraft are in service in the US, Australia, China, Indonesia and the UK.

Nearly 16 feet longer in the fuselage than the original BAe-146, this latest version is designed to carry up to 100 passengers in a luxurious five-abreast version. The maximum capacity of the aircraft will be up to 120 passengers.

It will thus be a formidable competitor to other existing 100-seater jet airliners,

Directorship reform bill given second reading

BY TOM LYNCH

A BILL to reform the legal framework for non-executive directors of companies was given an unopposed Second Reading in the Commons yesterday.

The Companies (Audit Committees) Bill, sponsored by Sir Brandon Rees-Williams, Conservative MP for Kensington, would require large companies to consider at their annual meetings the appointment or re-appointment of an audit committee.

Shareholders would get more information about those standing as non-executive directors and the directors' reports of companies with fewer than three non-executive directors would have to say why.

Although the bill has almost no chance of becoming law before the general election, Sir Brandon was confident that there would be time for a standing committee at least to begin line-by-line consideration of

No parliamentary opposition has emerged, and the chances of such a measure becoming law in the longer term appear to have improved.

Burton launches five credit cards

By Hugo Dixon

Burton, the retail chain in the forefront of moves into financial services by retailers, is launching five in-house credit cards to induce customers to use them more regularly.

The cards will be tailored to customers of the individual constituents of the group. There will be separate cards for Top Shop, Top Man, Dorothy Perkins, Evans and Principles, in addition to the existing cards for Burton, Debenhams and Harvey Nichols.

Customers will be able to use their cards in any of the group's outlets, but they will be branded with the name of the customer's favourite store. Different cards will also carry differing fringe benefits.

For example, the Dorothy Perkins card will give customers the right to £5 of accessories for every £40 spent with the card. The group has already issued 2.5m credit cards.

Tin ruling reserved

A HIGH COURT judge yesterday reserved judgement on the application by Maclaine Watson, a London Metal Exchange trader and £6m creditor of the insolvent International Tin Council, for the appointment of a receiver of the ITC.

Richard Evans and **John Hunt** report on the prospects of the political parties fighting for control in the Isle of Wight and Somerset

Broken pavements could prove stumbling block for Liberals

"THE LIBERAL PARTY, which once practised pavement politics, now finds itself in the position where there is no town in the Isle of Wight where you can go without breaking your ankle."

This is political hyperbole, of course. It comes from the Labour Party agent on the island, the holder of one of the less high-profile jobs in politics. However, it illustrates the difficulties the Liberals are facing.

From a position of poor second prior to Mr Stephen Ross's sensational parliamentary victory in 1974 in what had been regarded as impregnable Tory territory, the Liberal Party has risen to become the political establishment.

It took over Medina district council, which covers the north of the island, in 1979 and captured the Isle of Wight county council two years later. Only South Wight district council remains in Tory hands.

However, the party has had to pay a price for its successes. It is being blamed for the 10 per cent county rate increase, although Medina rates have not been raised, for poor roads and parking problems, for controversial planning proposals and, ironically, for broken pavements. It is not always easy to blame all the problems on the cut in funds from central government. "There is no doubt that we are in power and are there to be shot at," says Mr Ross.

For the first time in years, optimism has returned to the battered area Conservative Party, and the Liberals admit they are on the defensive in some seats. Mr Bill le Breton, a district and country councillor and Alliance county councils liaison officer, says: "We are going to have a very tough fight indeed. We have given great value for money, but it has been difficult running a council for eight years at a time of severe national cutbacks in government spending."

The contests next Thursday in Medina and South Wight will give a substantial pointer to the outcome of the general election vote. Mr Ross, a popular and conscientious MP, retained the seat in 1963 with a diminished majority of 3,500. However, he is standing down this time and the Conservatives see an opportunity of winning back a seat they believe to be rightfully theirs.

They have grounds for some optimism. In a county by-

election last June a seat in Cowes was captured by the Conservatives with a swing of 23 cent. It was their first by-election triumph in years and was followed in December by a near miss in another county by-election. In March, a third by-election gave the Tories another victory with a 14 per cent swing against the Liberals.

Miss Anne Wotton, the Conservative agent, says: "We think things are going our way for the first time in a very long while." We feel that the islanders have really had enough of the Liberals."

The Tories claim that the Liberal adminstration is wasteful, fails to consult properly on developments and has neglected tourism. The Liberals claim that rates are appreciably lower in Medina than in South Wight and that Medina has invested more in job creation. Unemployment at more than 17 per one of the highest rates in the per cent in the off season is south.

South Wight, which only a few months ago looked vulnerable to the Liberals, should stay Conservative. There are 12 Tory councillors, seven independents and five Liberals.

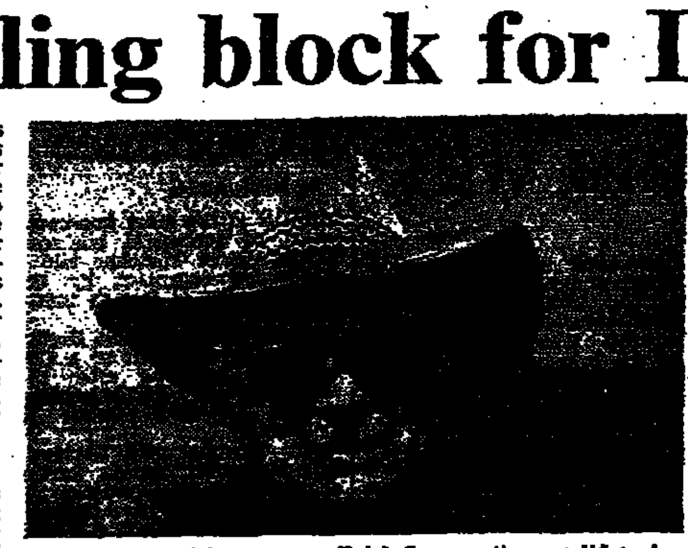
Interest therefore lies in the contest for Medina, which the Alliance holds with 21 seats (20 Liberals and one Social Democrat) to the Conservatives' ten, and the five independents.

A year ago, the Liberals would have expected to increase their majority with ease but now they are less confident. They could still capture some Conservative seats but they could lose more.

The key probably lies in Ryde, the port and resort served by the ferry from Portsmouth and hovercraft from Southsea. All three seats in Ryde East were held by the Conservatives in 1983. One of these was retained by only 10 votes by Mr Ian Morgan, the Conservative leader on the council, who declines any contact with the media. Another is held by Mr John Adams, a renegade Conservative who is standing this time as an independent. Attempting to unseat him is Mr John Ritchie, the flamboyant, cowboy-hatted official Conservative, who is a Ryde garage owner and a county councillor. The Tory vote could be badly split and the Liberals also believe they could capture Mr Morgan's seat.

In Ryde West all three seats are held by the Liberals, but the Conservatives believe these could be vulnerable because of the impact of local issues.

In particular, they argue that the beaches of the north are in a poor state compared with those in the Tory-run south of the island. There is also criticism of a council-backed shopping development in nearby Newport, which local people fear could take trade away from Ryde. The key decision to go ahead with the project was made this week when the council voted 18-9 to sell to the developers the portion of



John Ritchie: Flamboyant official Conservative candidate in Ryde

and it owns. Ryde Liberals opposed the move.

Elsewhere the Liberals appear to be holding their position. Canvassing on a mixed private and council estate at Northwood, south of Cowes, this week showed that Mr Roy Wigley and Mr Eric Pickford, the Liberal candidates, who are both employed at nearby Parkhurst Prison, were well received. There was no discernible move either to the Conservatives or to Labour.

Politics on the Isle of Wight is a serious affair and antagonisms can be fierce. Local roots matter, and election literature sometimes goes to bizzare lengths to establish that a candidate's parent still lives on the island or that his wife's aunt was born there.

Tactical voting since the mid-1970s has devastated the local Labour Party, which lost its last representative on any island local authority in 1981. In the last general election the party, fielding a Militant supporter, scored 1,800 votes or 2.4 per cent of the poll.

Mr Robert Jones, the Labour agent, retains a remarkably dry sense of humour in the circumstances and believes that with the perceived growing unpopularity of the Liberals, the pattern could be changing.

Labour is putting up only one candidate in the deeply hostile territory of South Wight. However, it is fielding 10 in Medina, including Mr Ken Pearson, its new moderate, parliamentary candidate, who is a financial planning consultant in the City. This would cut into the Liberal vote in areas like Cowes, where Labour should be strongest.

Mr Jones is not convinced that the national Labour Party machine has improved as much as is supposed. He showed no surprise when told that the telephone number given for him by Labour headquarters in London was seven years out of date. "Oh, that's nothing. They are still writing to a former Labour councillor here who died eight years ago," he said.

Alliance hopes to knock down Tories like ninepins in West Country

ALLIANCE POLITICIANS in the green and gentle county of Somerset liken the local electoral situation to the traditional West Country game of ninepins.

According to Mr Alan Butt Philip, a university lecturer in European politics and economics, the next ninepin to fall at the general election will be the Conservative-held constituency of Wells, where he has been Liberal parliamentary candidate since 1973.

The theory is that if the Liberal/SDP Alliance can take Wells, other Tory-held constituencies in the county will follow, thus creating a swathe of Alliance-held territory in the West Country.

To this end, the Liberals and their Social Democrat partners are mounting a huge effort in the area for next Thursday's district council elections. With their electoral machine in top gear they hope to maintain the momentum to sweep on to further gains in a June general election.

These predictions are dismissed as hopelessly optimistic by Mr David Heathcoat-Amory, the Conservative MP for Wells, nephew of the late Viscount Amory who, as Derick Heathcoat-Amory, was Chancellor in the last Macmillan Government.

"The Alliance is whistling in the dark to keep its spirits up," he says.

He has been MP for the reconstituted Wells constituency, which is centred on the ancient cathedral city of that name, since the last general election.

He has a majority of 6,575, 52.7 per cent of the vote, while Mr Butt Philip came second with 39 per cent and Labour a poor third with 7.8 per cent.

Mr Heathcoat-Amory's analysis is that the Alliance bandwagon has rolled as far as it can go in Somerset and that the present level of Tory support in Wells will remain solid in a general election. He says that the number of Labour voters is now so small that even if a large number of them defected to the Alliance it would still not be enough to unseat him.

Nevertheless the Tories have suffered a series of unpleasant

Support will remain solid in a general election, say Tories

shocks in the county in recent years, as the Liberals, later strengthened by their Social Democrat partners, have relentlessly increased their support.

The first ninepin to fall in the county was in 1983, when Mr Paddy Ashdown won Yeovil for the Liberals after the veteran Conservative Mr John Peyton, now Lord Peyton of Yeovil, retired.

In 1985 came another shock when the Alliance gained control of Somerset County Council, even though it does not have an overall majority. The present strength is 26 Alliance, 25 Tories and six Labour. The Conservatives have since won back a seat in a county council by-election.

The Wells parliamentary constituency, which stretches up to the north coast of Somerset, is divided between the two Conservative-controlled district councils of Mendip and Sedgemoor.

Sedgemoor Council also overlaps a large section of the Bridgwater parliamentary constituency, which is held by Mr Tom King, the Northern Ireland Secretary, with a 10,697 majority and where the Alliance came a good second at the general election.

The town of Bridgwater has always been a Labour stronghold, but in the Sedgemoor district elections the party seems to have started with a home goal. Six Labour members have split away to fight as traditional Labour candidates against their party's official candidates. The traditionalists are against their party's opposition to the possible building of a further nuclear power station at Hinckley Point on the coast nearby.

The area of the Mendip Council stretches south west to embrace a section of the Somerton and Frome parliamentary constituency, which is held by Mr Robert Boscawen, formerly MP for Wells. He now has a majority of 9,227, 54.4 per cent of the vote, while the SDP candidate had 35.8 per cent in 1983 and Labour only 9.8 per cent.

The Alliance vision is to control eventually a swathe of parliamentary territory across Somerset, embracing Yeovil, Wells and Somerton and Frome.

In private, local Conservative officials take the threat seriously. They are particularly worried at the way the Alliance has relentlessly built up support by continual campaigning on local issues between elections—the well-known community politics strategy.

"We have got the Tories terrified," claims Mr Les Farris, the Alliance's area agent.

Tourism plays a big part in the local economy, with the attractions of Arthurian Glastonbury and Cheddar and Wookey Hole caves. Somerset is one of the fastest growing areas of the country in population and, although farming is still important, there are a considerable number of established industries and new companies are being attracted to the area.

The Mendip council at present has 24 Conservatives, 4 Alliance, 3 Labour and 11 Independents. Sedgemoor has 25 Conservatives, 11 Labour, 7 Alliance and a number of Independents.

Ms Alison Bloodworth, secretary of the Wells Constituency Labour Party and the Mendip District Party, is optimistic. She maintains that her party will make gains because of the local disilusion with the Tories and says she is finding a great

Six Labour members have split to fight official candidates

deal of strong anti-Thatcher sentiment among electors.

The Alliance hopes are based on the record number of candidates it is putting up. It believes that its main support comes from the working class and this was born out by a tour by Liberal canvassers of a well-tended council estate on the edge of Wells. A succession of residents pledged their support for the Alliance next Thursday and seemed mainly influenced by local issues

Mr Bill Mackay, the Conservative leader on the Mendip Council, is making great play with the efficiencies achieved by his council under Conservative control and compared the Alliance record in control of the county. He points out that Mendip's rates have risen by only 4.5 pence in four years of Tory control, compared with 53.5 pence for the county rate in two years under the Alliance.

Over the Sedgemoor district a seasoned Tory official accuses the county of "meddle and muddle" since the Alliance took over. However, he concedes that the district elections and the general election could be a close thing in this part of Somerset. "No seat can be called safe nowadays," he says nostalgically.

Newspapers will ask High Court to remove spy-book injunctions

THE GUARDIAN and Observer newspapers are to return to the High Court to try to rid themselves of injunctions that have for nearly 10 months stopped them publishing allegations of secret service misconduct made by Mr Peter Wright, the former MI5 officer.

After being told by Mr Anthony Lester, QC, for the two newspapers, that recent events made continuance of the injunctions unjustified, Mr Justice Scott agreed yesterday that applications to set aside the orders should be heard on Thursday—five weeks in advance of the newspapers' appeal to the House of Lords against the injunctions, fixed for June 15.

Mr Lester said that the British Government had failed in its initial attempt to stop the publication in Australia of Mr Wright's book Spycatcher. Comments by the New South Wales judge about the evidence of Sir Robert Armstrong, the Cabinet Secretary, had put the need for the injunctions in a completely different perspective.

The Guardian and the Observer would base their case on transcripts of Sir Robert's evidence.

The other important new factor, Mr Lester said, was publication in The Independent, the Evening Standard and the London Daily News on Monday of Mr Wright's allegations of a plot by senior MI5 officers in 1974 to remove Mr Harold Wilson as Prime Minister.

Mr Lester said that Sir Michael Havers, QC, the Attorney-General, had been given leave to bring contempt proceedings against those three newspapers. The information had, however, already been republished in other newspapers overseas.

Mr John Laws, for the Attorney-General, told the judge that has was "as anxious to resist" the application by the Guardian and the Observer as theye were to make it.

Mr William Millinship, managing editor of the Observer, said after yesterday's brief court hearing that this week's publication of Mr Wright's allegations was the focus of great political debate. The Observer and The Guardian were being prevented by the "gagging" injunctions from reporting those events freely.

The injunctions were imposed by the High Court and upheld last July by the Court of Appeal.

● Two legal magazines have criticised the contempt of court moves begun by the Attorney-General against three newspapers that this week alleged MI5 officers had plotted to undermine the Labour Government in 1974.

Sir Michael's decision to take action against the Independent, the Evening Standard and the London Daily News over their publication last Monday of extracts from Peter Wright's book was "unwise and unlikely to have any beneficial effect," says the Law Magazine.

The New Law Journal says the Government and its law officers should eschew litigation "which inevitably causes more dirty linen to grace the national washing line" and get on with what really matters: establishing the facts surrounding MI5's alleged activities.

If half of what Mr Wright allegedly said in his book Spycatcher were true, the journal says, "then we have the sort of scandal on our hands that it is immeasurably preferable we face voluntarily sooner."

Austin Rover expects sales rise in Spain

By Kenneth Gooding, Motor Industry Correspondent, in Barcelona

AUSTIN ROVER'S Spanish subsidiary expects to make a pre-tax profit equivalent to £5m this year, on a turnover of £110m, to lift car sales to 15,000 and take a 2 per cent share of the market, said Mr Jacques Muller, managing director yesterday.

Austin Rover España doubled car sales last year, from 4,306 to 8,597 on chalked up profit of £4m.

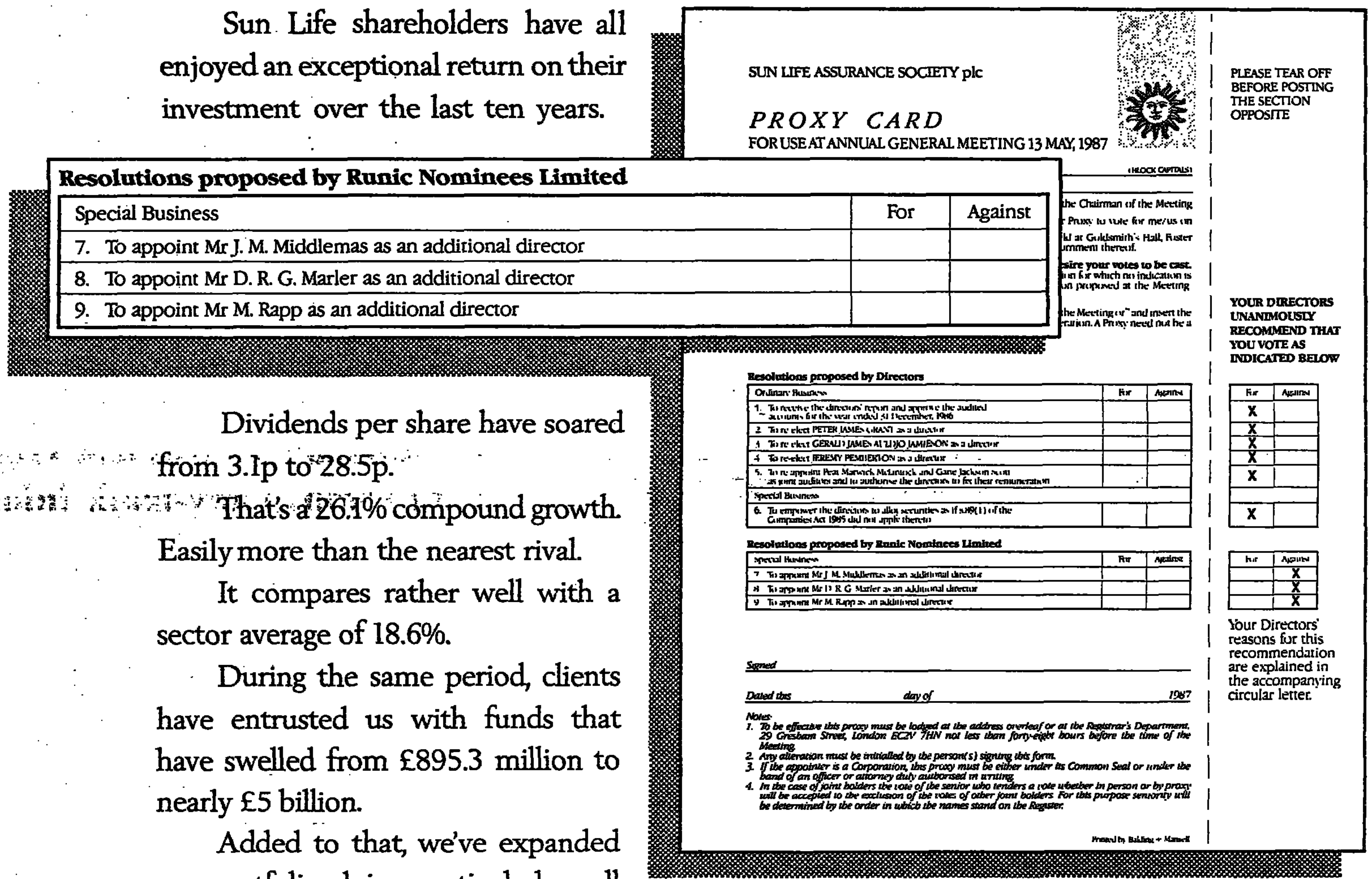
The company concentrates on selling cars of high performance and specification. Its rapid progress follows Spain's entry to the European Community. High tariff barriers are being gradually removed.

Austin Rover has established a network of 200 service points throughout Spain and has 50 dealers. More than £100m has been invested in the network by the local owners in the past few years, said Mr Muller, during the run-up to the Barcelona Motor Show, which opens today.

The Spainsh company lost the Jaguar car import franchise in 1984 and is losing its Freight Rover van business. Freight Rover imports are being transfered to Daf's wholly-owned subsidiary in Spain.

SUN LIFE WOULD LIKE TO POINT OUT THE RISK ON YOUR PROXY FORM.

Sun Life shareholders have all enjoyed an exceptional return on their investment over the last ten years.



SUN LIFE ASSURANCE SOCIETY plc

PROXY CARD

FOR USE AT ANNUAL GENERAL MEETING 13 MAY, 1987

PLEASE TEAR OFF BEFORE POSTING THE SECTION OPPOSITE

Resolutions proposed by Runic Nominees Limited

Special Business	For	Against
7. To appoint Mr J. M. Middlemas as an additional director		
8. To appoint Mr D. R. G. Marler as an additional director		
9. To appoint Mr M. Rapp as an additional director		

YOUR DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE AS INDICATED BELOW

Resolutions proposed by Directors

Ordinary Business	For	Against	For	Against
1. To receive the directors' report and approve the audited accounts for the year ended 31 December, 1986			X	
2. To re-elect PETER JAMES GRANT as a director			X	
3. To re-elect GERALD JAMES AULDJO JAMIESON as a director			X	
4. To re-elect JEREMY PEMBERTON as a director			X	
5. To re-appoint Peat Marwick McLintock and Gane Jackson Scott as joint auditors and to authorise the directors to fix their remuneration			X	
Special Business				
6. To empower the directors to allot securities as if s89(1) of the Companies Act 1985 did not apply thereto			X	

Resolutions proposed by Runic Nominees Limited

Special Business	For	Against	For	Against
7. To appoint Mr J. M. Middlemas as an additional director				X
8. To appoint Mr D. R. G. Marler as an additional director				X
9. To appoint Mr M. Rapp as an additional director				X

Your Directors' reasons for this recommendation are explained in the accompanying circular letter.

Signed

Dated this *day of* *1987*

Notes:
1. To be effective this proxy must be lodged at the address overleaf or at the Registrar's Department, 29 Gresham Street, London EC2V 7HN not less than forty-eight hours before the time of the Meeting.
2. Any alteration must be initialled by the person(s) signing this form.
3. If the appointer is a Corporation, this proxy must be either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of other joint holders. For this purpose seniority will be determined by the order in which the names stand on the Register.

Printed by Baldin & Mansell

Dividends per share have soared from 3.1p to 28.5p.

That's a 26.1% compound growth. Easily more than the nearest rival.

It compares rather well with a sector average of 18.6%.

During the same period, clients have entrusted us with funds that have swelled from £895.3 million to nearly £5 billion.

Added to that, we've expanded our portfolio, doing particularly well in unit trusts where we've won many accolades from the financial press.

A most satisfying performance to say the least.

But one shareholder however, is still not content.

It seeks to gain a more influential role in your company.

Namely, seats on the Sun Life Board.

The Liberty Life Group of South Africa is proposing three of its own employees as additional directors.

Since Liberty already has a 25.7% interest in the Society, it's certainly no surprise that the Sun Life Board is determined to stop this back door bid for control.

We believe the proposals put the interests of the business, and those of the rest of the shareholders, at risk.

And we urgently recommend you vote against it.

SUPPORT YOUR BOARD ~ USE YOUR PROXY ~ NOW SUN LIFE

Railways oppose higher fee for Channel Tunnel

BY ANDREW TAYLOR

THE BRITISH and French state-owned railways, BR and SNCF, were last night expected to tell Eurotunnel, the Anglo-French Channel Tunnel consortium, that they are not prepared to raise their financial offer for using the tunnel.

Eurotunnel has warned that it will be unable to conclude loan arangements with up to 40 international banks, with the result that the project could collapse, unless it concludes an agreement with the railways soon.

Mr Alastair Morton and Mr Andre Bernard, the British and French joint chairmen of the channel tunnel consortium, are scheduled to meet the boards of BR and SNCF on Tuesday to discuss the progress of the negotiations.

The railways are expected to reject requests from Eurotunnel that they increase their financial offer, agreed in principle with the consortium last September. This would leave the railways contributing about 35 per cent of Eurotunnel's income for using up to 50 per cent of the tunnel's capacity.

The railways, however, are expected to offer some concessions to Eurotunnel on the timing of payments. The consortium has asked that up to 80 per cent of projected revenue from the railways be paid a month or two in advance.

BR and SNCF have indicated that they might be prepared to pay betwen 50 per cent and 60 per cent in advance, depending on what concessions Eurotunnel is prepared to offer in return.

Negotiations between the railways and Eurotunnel have continued in Paris this week in a bid to resolve differences, but railway officials were adamant last night that they were unlikely to improve on the basic offer.

They are angry at the way in which Eurotunnel, by making the issue public with warnings of crisis and the possible collapse of the project, have tried to put pressure on the railways to increase their offer.

The Lords select committee which finished hearing evidence on the Channel Tunnel Bill on Thursday is also expected to report its findings around the middle of next week.

Flexilink, which largely represents the interests of the ferry companies, which have opposed the bill, is expected to step up its campaign against the tunnel this weekend with an attack on the consortium's traffic and revenue forecasts.

Lawson plans consultation on changes to coinage

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

MR NIGEL LAWSON, the Chancellor, yesterday said the Government planned consultations on possible changes to Britain's coinage, including the minting of smaller versions of the existing 5p and 10p coins.

At a ceremony to set the face value of the Britannia gold coins planned for this autumn, Mr Lawson said the Inland Revenue would soon issue a pamphlet describing options for coinage changes.

The pamphlet was based on a study carried out a Nottingham University and would form the basis for public consultations. Mr Lawson said there was a case for replacing the 5p and 10p coins with smaller, lighter coins comparable with the £1 and 20p coins introduced in recent years.

He insisted, however, that no changes would be made without thorough consultations with interested groups, including industry and commerce and those with a special interest, such as the blind.

The Chancellor announced that the face value of the Britannia—a one-ounce gold coin—will be £100. Its smaller versions, of ½ oz, ¼ oz and 1-10th oz, would have values of £50, £25 and £10 respectively.

The Britannia's price would be based on the gold price on the day they were purchased, plus a small premium.

Max Wilkinson looks at the decision to stop work at four burial sites for radioactive material

Problem of dumping nuclear waste proves costly

IT IS EASY to laugh at the Government for discovering just before an election that it will cost almost as much to bury nuclear waste in shallow trenches as in shafts 1,000 ft or more below the surface.

Yesterday's decision to abandon work at four possible sites for shallow burial of low-level wastes duly provoked roars of scornful mirth from the Opposition benches, along with a counterpoint of grateful murmuring from the four Tory MPs in whose constituencies the sites were located.

Nevertheless, the Government has been forced to recognise that public opposition to nuclear waste dumping is steadily raising costs. This is not only because of environmentalists' obstruction through site protests and planning inquiries. International opinion has also been moving steadily against the cheapest solutions like dumping at sea.

At the same time, research sponsored by Friends of the Earth and other organisations has suggested potential dangers from disposal in shallow land trenches. As a result, the authorities have had to produce steadily more expensive engineering solutions.

Probably the most difficult problem for the Nuclear Industry Radioactive Waste Executive, which is in charge of the disposal of low and intermediate-level wastes, is that public opinion finds it difficult to distinguish between different levels of virulence. The word "radioactivity" raises indiscriminate fears of cancer, genetic mutation and deformity, which scientists accustomed to much more precise measurements find hard to understand.

To scientists, the level of radioactivity in the lowest level wastes has appeared so weak that disposal presented, as one very senior figure in the nuclear industry said a year ago, "no problem at all." Only a few years ago, it was considered acceptable to bury some of this waste in open trenches with little protection. Now, it is thought essential to line the trenches with concrete to minimise the seepage of radioactive particles into groundwater.

In yesterday's announcement, Mr Nicholas Ridley, Environment Secretary, said he was "reassured" by Nirex's conclusion that well-engineered trenches at the four sites under investigation would provide an acceptably safe solution. Then he said deep burial on land or under the sea bed would given even greater safety at not much greater cost.

This may seem a paradox, but it arises from the fact that different solutions have been considered for three different categories of nuclear waste. In all cases, the "front-end" costs of research and development, planning inquiries and initial capital expenditures are likely to be a significant proportion of the total.

Yesterday's decision to abandon a specific plan for low-level wastes and to lump them together with intermediate-level wastes will save one set of front-end costs as well as postponing a solution.

A deep mined depositary is not likely to be available until the next century. Meanwhile, intermediate wastes will be stored at nuclear sites, while low-level wastes will continue to be buried at Drigg in Cumbria close to the Sellafield reprocessing plant.

Nicholas Ridley: deep burial would increase safety

Low-level waste materials consist of items like overalls, gloves and overshoes worn by workers at nuclear and medical plants, along with syringes and bottles which may have been slightly contaminated.

Nirex estimates that the entire annual production of low-level wastes (about 13,000 cu m per year) contain less radioactive material than 10m tonnes of coal ash from power stations. Nevertheless, some of the radioactive materials in these wastes can remain active for several hundred years.

Intermediate wastes are those produced mainly at nuclear power stations. They include the metal cladding around nuclear fuels components and sludges and resins from treatment plants. They are more active and it is generally accepted that they must be buried deep under the earth. However, only about 7,000 cu m of such waste is produced in the UK every year.

High-level wastes are the very dangerous residues from reprocessing spent nuclear fuel. They need to be continuously cooled. No final solution has yet been agreed, although they might eventually be vitrified and buried. Meanwhile, they are stored at nuclear plant sites.

The main options for low and intermediate-level wastes are to drive shafts into hard rock and excavate caverns, drill into the seabed using adapted oil rig technology, or drill slantwise from a coastal site under the seabed to chambers perhaps a mile off the coast. Disused mines would clearly be a candidate, perhaps in Cornwall, where granite would form a solid protection.

The choice between these options is sure to depend as much on political considerations as on the analysis of geologists and nuclear physicists over the next few years, since there is little doubt that deep burial is safe and feasible.

In Sweden, the main disposal site for low and intermediate-level wastes at Forsmark, on the Baltic coast just north of Stockholm, consists of a maze of tunnels and silos hewn out of the rock 50 m below the seabed. Two 1 km tunnels lead from the shore to the main depositary, where waste is concreted into the rock.

This highly-engineered solution has been generally regarded as extremely safe. In West Germany also, low and intermediate-level wastes are to be buried in dry salt mines and about 1 km deep at a disused iron ore mine at Konrad.

In both Sweden and West Germany, the authorities have accepted, partly as a result of the strong pressures of public opinion, that low-level wastes must be placed far away from any possibility of contaminating groundwater.

However, in France shallow burial has been accepted for some time, and the main burial site at la Manche on the Cherbourg peninsula has been held up by the British nuclear industry as an example of this type of solution.

However, the la Manche site is significantly different from what had been proposed by Nirex for the UK. It consists of a large mound above the level of the water table with a drainage system under it. Any water that gets into the depositary therefore runs off and is discharged into the sea after being tested for radioactivity. Even in France, the authorities may find it difficult to choose a new site when la Manche is filled early in the next decade.

In the US, too, there has been increasing opposition to shallow burial after the discovery that weakly contaminated water had seeped out of several trenches. At least three sites have been closed by local or state authorities.

The Government probably had little option, therefore, but to bow to public opinion and go for an ultra-safe solution. However, its difficulties are far from over. There is almost sure to be opposition to any investigation of a deep-mined land site. On the other hand, any proposal to put waste under the seabed risks fierce opposition from neighbouring countries and international environmentalists.

However, these will be problems for the next government or the next but one.

Opposition welcomes move but claims it reflects election fears

BY TOM LYNCH

OPPOSITION MPs welcomed Mr Ridley's announcement about nuclear-waste sites, but seized on it as evidence that the Government feared for its electoral prospects in the four Tory-held constituencies concerned, especially the Colchester South and Moldon seat of Mr John Wakeham, the chief whip.

They greeted with derisive laughter repeated assurances by Mr Ridley that the only reason for the announcement was that the cost-differential between separate shallow sites and all-purpose facilities had largely disappeared.

Mr David Clark, Labour's spokesman on environmental issues, told MPs: "The Government has only acted in a squalid attempt to save itself electoral embarrassment."

None of the four MPs involved was in the Commons yesterday, but each ensured that a colleague expressed relief on his behalf. Sir Bernard Braine, whose Castle Point constituency is close to Mr Wakeham's, said the Chief Whip "had empowered me to say how delighted he is with this wise decision."

Mr Douglas Hogg (Grantham), a junior Home Office minister, and Mr Nicholas Lyell (Mid Bedfordshire), a junior social services minister, whose constituencies contain potential dumping sites, sent a message that they were "grateful for this statesmanlike decision."

Mr Michael Brown (Brigg and Cleethorpes), who had vowed that no dumping would take place in his constituency as long as he was an MP, said in a BBC radio interview: "Elections concentrate the mind and they concentrate the minister's mind."

Mr Clark said the Government's decision to go ahead with construction of a pressurised water reactor at Sizewell would accelerate the build up of nuclear waste. He warned that, by the end of the century, the Government would need 16 dumping sites of the type used in Sweden and demanded to know how the Government would identify the 16 towns which would have a waste dump on their doorstep.

Along with other MPs, he urged the Government to consult widely on future waste disposal plans in order to win public support for whatever solution was adopted.

Mr Peter Shore, the Shadow Leader of the House, protested that it was unusual for statements to be made during Friday sittings unless they were urgent. He suggested that the real reason for the "rush" yesterday was that opinion polls from the four constituencies were due to be published this weekend.

Mr Ridley told MPs that a site was not likely to be in operation until the early years of the next century. In the meantime waste being stored at Drigg, in Cumbria, would be compacted and safety requirements tightened.

He said opinion polls already published from the four seats showed a more favourable attitude towards nuclear waste dumping than might have been expected.

The minister stressed that safety would be paramount in whatever type of site was eventually chosen, but he stressed the Government's determination that a solution would be found. "We cannot have a nuclear industry without a repository for its wastes and we are going to have a nuclear industry."

He refused to be drawn on what type of site might be chosen, apart from assuring MPs from mining areas that a disused coalmine was unlikely to be suitable.

Nabisco to close London plant

BY RALPH ATKINS

NABISCO GROUP, the biscuits and cereal manufacturer, is to close its Peek Freen factory in Bermondsey, south-east London, with the loss of about 1,000 jobs in the next two years.

Mr Mike Hopkins, director of corporate affairs, said the biscuit factory, built in the 1870s, was operating at only 51 per cent capacity and was no longer economically viable.

He said the sweet biscuit market in the UK was in decline and the factory had high overheads because of its inner-city location and age.

"Because it is such an old factory it would need very significant sums spent on it to modernise it and take it into the 1990s," he said.

Nabisco Group, part of RJR Nabisco, the US consumer concern, acquired the factory when it took over Huntley & Palmer Foods in a £84m deal in 1982.

At the time of the takeover Nabisco said some rationalisation would be necessary if the combined business was to be viable. In 1983 it closed two Huntley & Palmer bakeries with the loss of 1,200 jobs.

A total 1,022 employees are affected by the Bermondsey closure. The first redundancies will be announced this year with more next year and in 1989.

Production will be transferred to Nabisco's other biscuit factories, in Liverpool and Leicester. Bermondsey employees will be offered first refusal of about 150 new jobs in Leicester.

A further 120 employees will reach the age of 55 in the next two years and will qualify for early retirement. The group has set up a full-time counselling service employing four people to help employees find jobs.

Nabisco Group has 15 factories in the UK. Last year it made a trading profit of £41.5m on turnover of £608m. After the closure it will have 10,500 employees in the UK.

City firms break Stock Exchange marketing rule

By Hugo Dixon

SOME CITY firms broke a Stock Exchange rule by making markets in this week's gilts issue before the Bank of England had actually issued the stock. The Bank told them of their error but yesterday denied that it had rebuked any firms.

There had been confusion among dealers because the gilts market system is to change partially to an auction system in the middle of the month.

The Bank, under the present tap system, can issue as little stock as it likes, or can decide not to issue stock at all. Making markets in stock before it has been issued, known as grey market trading, is against the Stock Exchange's rule number 535.5c.

However, under the auction system grey market trading will be allowed. The Stock Exchange's gilt-edged market committee is meeting next week to complete rule changes.

The Stock Exchange said: "It looks as if somebody has broken the rules. . . . We are in discussion with the Bank over the matter right now."

Cal Air to buy two Boeing jets

CAL AIR International, the charter airline jointly owned by the Rank Organisation and British Caledonian, is buying two Boeing 737-400 twin-engined short-range jets, with options on a further two.

This increase of about 30 per cent in Cal Air's capacity will be used primarily to support the requirements of Wings, the Rank group's tour operating subsidiary, to carry holiday traffic out of UK provincial airports.

CURRENT ACCOUNT
(£m, seasonally adjusted)

	Current Balance	Visible Trade Balance	Exports fob	Imports fob	Invisibles Balance
1985	+2,946	−2,178	78,111	80,289	+5,124
1986	−1,099	−8,253	72,843	81,096	+7,154
1986 Q1	+ 682	−1,227	18,164	19,391	+1,909
Q2	− 94	−1,551	17,786	19,337	+1,457
Q3	− 931	−2,873	17,553	20,426	+1,942
Q4	− 756	−2,602	19,340	21,942	+1,846
1987 Q1	+ 625*	−1,175	19,534	20,710	+1,800*
1987 January	+ 73*	− 527	6,204	6,731	+ 600*
February	+ 376*	− 224	6,933	7,157	+ 600*
March	+ 175*	− 425	6,397	6,822	+ 600*

* Invisibles for January to March 1987 are projections.

Government Statistical Service

BRITAIN RECORDED a current account surplus of £175m in March, taking the cumulative surplus for the first quarter to an estimated £625m, against a £756m deficit in the final quarter of last year, writes Philip Stephens.

The Trade and Industry Department said there was a £425m deficit on visible trade in March but that this was more than offset by an estimated £600m surplus on invisible transactions.

Taking the first three months of the year together, imports and exports were lower in volume terms than in the previous three months. However, compared with a year earlier, exports were 10 per cent higher and imports were 6½ per cent higher.

Jenkins attacks Tories

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MR ROY JENKINS, the Social Democratic Party's elder statesman, yesterday declared that the Conservative Party was the main target for the Alliance in the coming general election.

"Any idea that the Alliance is sympathetic towards the present Government with its ethos of sleazy selfishness which it has encouraged to spread to so many aspects of our national life is total nonsense," he said.

Mr Jenkins was speaking on the first day of an SDP/Liberal Alliance joint Scottish convention held in the Highlands resort town of Pitlochry

The Alliance's first task was to overtake the Labour Party, which he compared to an Indian water buffalo lying on a railway track. "All it can do is prevent anyone else getting through. It cannot hope to go anywhere itself," he said.

"This government," he said, "has been a disaster. It has dividend the nation, weakened industry, created half a generation without hope, presided over some of the worst public services in the western world, politicised and demoralised our civil service, allowed significant areas of our countryside to be despoiled, neglected our schools, and starved our universities."

Baker to ban limits on school rolls

By Michael Dixon, Education Correspondent

MR KENNETH BAKER, Education Secretary, yesterday pledged that a re-elected Tory Government would require state secondary schools that are popular with parents to take as many pupils as they can physically accommodate.

He told an education meeting in Nelson, Lancashire, that legislation would be introduced to ban local authorities from restricting entries to schools which are oversubscribed in order to shore up the intakes of those in lesser demand.

While most families now obtained places for their children at schools they approved of, Mr Baker said he still heard "very many complaints" that local education authorities limit some schools' rolls so as to spread pupil numbers and resources more evenly across the area.

"As a result, parents can be asked to accept a place at a less popular school when there is space at the school of their choice. How frustrating to be told that a school is full when you can see that it is not."

The promised legislation would repeal parts of the Conservatives' own 1980 Education Act, which allows local authorities to run secondary schools at up to 20 per cent below their "standard" capacity. The standard represents the number of pupils enrolled in autumn 1979

Mr Baker's plan is to require local authorities to continue accepting entries for a particular state school until it is up to the pupil numbers it had in 1979 or, if it has since been expanded, until it is at the maximum capacity it has reached.

Demand high for R-R prospectuses

By Richard Tomkins

ROLLS-ROYCE, the aero-engine maker being floated on the stock market, was yesterday struggling to meet demand for prospectuses detailing its £1.36bn offer for sale.

Samuel Montagu, the merchant bank sponsoring the flotation, said there was a wave of interest following Tuesday's announcement of the 170p share price.

This produced 100,000 requests for information from the company's share information office to add to the 500,000 requests already received. As a result, many people will not have received prospectuses until today—two days later than planned.

Futures association faces controversy over capital

Continuing the series on SROs, Alexander Nicoll assesses regulation problems for the AFBD

AT THE smart new quarters of the Association of Futures Brokers and Dealers, there are still vacant desks in what Mr Alistair Annand, the chief executive, describes as the boiler house.

This is the compliance division, responsible for ensuring that the association's 170 member firms, as well as prospective members, conduct business properly.

The association—conceived before the Financial Services Act prescribed the forthcoming City structure of self-regulatory organisations—is already in business.

The association, however, will not take on its full mantle until it has recognition from the Securities and Investments Board as the body responsible for authorising and monitoring firms whose primary investment business is futures and options.

Hence the empty desks at the offices in Plantation House, the hub of London's commodity industry. The association's staff totals 17, which is to rise within six months to 35, of whom 60 per cent will be in the compliance division.

Some say this will be a small staff for overseeing a diverse and rapid industry. The association, expected to have between 250 and 300 member firms by the end of the year, is likely to be Britain's smallest SRO.

Futures and options markets thrive on volatility. Business is done "on margin"—only a small proportion of the underlying contract value is paid as a security deposit.

So there is ample scope for trading abuses, and for quick and heavy losses. The need for constant and comprehensive oversight has long been recognised by most exchanges, which have systems to detect abuses and excessive market positions.

Exchanges such as the London Commodities Exchange and the London International Financial Futures Exchange will continue to perform this role. They will also continue to decide whom they deem "fit and proper" to be members.

The AFBD, however, provides an additional layer of regulation.

As well as having access to the computer data of exchanges and of the International Commodities Clearing House, it has powers to conduct spot checks on individual member firms. Its compliance division will pore over computer print-outs of firms' trading activity, so as to spot patterns which could indicate abuses or trading without adequate finance.

So there is ample scope for trading abuses, and for quick and heavy losses. The need for constant and comprehensive oversight has long been recognised by most exchanges, which have systems to detect abuses and excessive market positions.

Exchanges such as the London Commodities Exchange and the London International Financial Futures Exchange will continue to perform this role. They will also continue to decide whom they deem "fit and proper" to be members.

Also, the association will be responsible for deciding who can trade in London futures and options markets. Any firm that wants, as a primary business, the dealing of futures and options, arrangement of or advice on such deals, or management of portfolio investments in futures and options, will have to seek authorisation from the association to carry on its business, whether or not it is a member of an exchange.

The words "primary business" are important. The AFBD has already lost a battle to be the only SRO for futures and options. The Securities Association, which will oversee securities markets, argued that supervision of derivative contracts could not be separated from monitoring dealings in the securities on which they are based — that trading, for example, of government bonds and of futures and options based on them was fully integrated.

The securities body won the right to authorise firms for futures and options trading, provided this is ancillary to their main business of securities dealing.

The AFBD can authorise firms to trade securities, if this is ancillary to futures and options business.

Once authorised, each firm will have to adhere to the association's rulebook. Like those of other SROs, it will be lengthy and legalistic. In outline, it will cover:

- Reporting of data such as ownership, names of directors and subsidiaries.
- Conduct of business rules, including requirements to know, sign agreements with and warn customers of risks, to avoid "churning" their accounts, as well as rules on soliciting business.
- Keeping client accounts apart.
- Maintaining adequate capital.
- The association's powers to investigate and discipline members and to arbitrate in disputes between them.
- A compensation fund.

Among these areas, the thorniest problems are to be found in establishing what capital a well-run trading firm should keep.

This is particularly controversial for commodity trading firms, many of which do substantial business in physical commodity markets, which fall outside the scope of the Financial Services Act. The association will not supervise this business but feels it needs to know about it because it affects the adequacy of firms' capital.

If trade debts arising from physical business were not allowable to some extent as liquid resources, for example, firms might be required to maintain what they would see as unrealistically high capital resources for their futures and options business.

For big firms, capital required by the association will reflect the volume of their business and especially the money they need to meet daily margin requirements on clients' positions. Firms need to have enough capital on hand so that, if a customer defaults, they can meet his margin requirements without plundering other customers' funds.

The AFBD is conducting a survey of London Metal Exchange member firms to determine the current best practice among them. This will help it to determine whether a suggestion by the SIB that firms keep capital representing 3.5 per cent of their total requirements is too high.

To the capital requirement would be added a so-called "haircut," representing a proportion of the positions a firm holds for its own account. Certain types of guarantees, perhaps from overseas parent companies that they would stand by their subsidiaries, could be deducted from the requirement.

Next: The overall picture

Teachers insist on direct pay negotiations

By David Brindle, Labour Correspondent

PROTEST ACTION by teachers in England and Wales would not relent until the Government made an unequivocal commitment to restore direct pay negotiations, Mr Fred Jarvis, general secretary of the National Union of Teachers, declared yesterday.

He was speaking at the Wales TUC annual conference in Tenby in response to reports that Mr Kenneth Baker, Education Secretary, may next week, offer a concession to the teachers' unions by suggesting that new pay machinery could *be in place before* the 1990 date currently proposed.

Mr Jarvis said: "We will believe it when we see it. We will believe it when we get a clear commitment from Mr Baker that he intends to restore our right to negotiate."

The NUT and the NAS/UWT, the two main teachers' unions, have offered to consider calling off their disruptive action in schools if the Government agrees to put negotiating machinery in place of the abolished Burnham Committee in time for the 1988 pay settlement.

Not only has Mr Baker said this would not be achieveable. He has also said it may not be possible to agree a pure negotiating system. The unions are unlikely to warm to proposals for a review body system.

Under the legislation which abolished Burnham and imposed a pay and conditions settlement on teachers, the Government plans an independent "interim advisory committee" to work for the Education Secretary at least until 1990.

Mr Jarvis made it clear yesterday that the teaching unions' opposition to the Government did not end with the issue of negotiating machinery. It extended to provision in the legislation for regional pay variation, to the proposals for city technology colleges and to the plans for head teachers to be given greater responsibility for their schools' budgets.

Mr Alan Jinkinson, deputy *general secretary of Nalgo, the* white collar union, said: "Let us be under no illusion this Government does not see a legitimate role for trade unions. If we are to secure the future, we have to change the Government, and the sooner the better."

Treasury threat to unions' dues

BY JIMMY BURNS, LABOUR STAFF

THE GOVERNMENT is considering a move which could seriously disrupt the finances of the two civil servant unions leading the dispute over pay and conditions.

Mr Peter Kemp, the Treasury's Deputy Secretary with responsibility for pay, has written to the Council of Civil Service Unions warning that it is prepared to suspend the system by which it automatically deducts union dues from wage packages unless the two unions end their strike action.

The move is aimed a putting pressure on the unions—the Civil and Public Services Association and the Society of Civil and Public Servants—who are threatening to spread their strike action next week to immigration offices in the south-east and the main government offices in Whitehall.

Suspension of the "check-off" system would force the unions to collect membership dues directly.

The Treasury hopes that the prospect of union finances being severely hit because of the ensuing delays will deepen what it believes are emerging divisions between the two unions over strike strategy and quicken an end to the dispute.

However there were no immediate signs yesterday that the unions would heed the Treasury's warning. A wide range of government offices in the West Midlands and the south-west, including Department of Employment offices, VAT offices, and Customs and Excise posts, were either closed or disrupted for the second consecutive day as part of the latest campaign of regional and selective stoppages.

The CPSA, which appears to be adopting the harder line in the dispute, said it was confident that membership dues could be collected by local officials in an emergency, and that this would boost rather than undermine union organisation.

Both unions are still planning to concentrate their regional action on London and the south-east from next Tuesday, with about 80,000 staff joining the campaign against a 4.6 per cent pay offer.

Balloting on the next phase of the dispute, which could involve an all-out national beginning May 25. However, strike, is due in the week the CPSA said last night that both unions planned to debate their strategy at their annual delegate conferences which begin on May 11.

The Treasury warned it would suspend the "check-off" during the last civil servants' 22 week selective action in 1981, but never carried out the threat.

Ship officers ac cept flagging out

BY MANI DEB

OFFICERS serving on a shipping line have voted by a large majority to accept a "flagging out" transfer of their vessels to an Isle of Man company which employs crews through an agency.

Numast, the marine officers' union which backed the proposal after talks with Ocean Transport and Trading, said 144 members had voted for and 49 against the transfer. The union has 240 members in the company, and 197 took part in the ballot.

Unions have so far strongly opposed the practice of shipowners "flagging out" to register in states where some companies manage to evade tax and union agreements and operated with lower safety standards and wages.

However, Numast believes that the Isle of Man offers an acceptable alternative as the marine authorities there have pledged to ensure that safety standards are maintained in consultation with the unions.

Ocean Transport and Trading will transfer its 11 vessels to Manx Ship Management, which will hire crews through Seastaff Resources.

Unions sued over advice to quit

BY MANI DEB

UNIONS which advised workers to take redundancy, when their steel plant was closed in 1978, are being sued for damages for alleged negligence. This is believed to be the first such claim against unions in Britain.

The 308 people, including two women, worked at East Moore steelworks, Cardiff. They say the unions encouraged them to take voluntary redundancies, against their best interest, and they suffered loss.

Counsel for the claimants, many of whom are old and unwell, asked a High Court judge yesterday to order that the hearing be held in Cardiff, rather than London, to save time and expense for those involved.

The judge decided to re-examine the case in November, when the venue and date will be reconsidered. Disclosure of documentary evidence should be completed by October.

The seven unions involved are ISTC steel, AEU engineering, TGWU transport and general, GMBU general, UCATT construction, EETPU electricians and the union of blast-furnacemen, ore miners and coke workers.

Artificial limb maker near settlement

BY OUR LABOUR STAFF

J. E. HANGER, the artificial limb manufacturer owned by BTR, and union leaders have been drawing up the details of an agreement expected to lead to a settlement of a long industrial dispute by the end of next week.

Both sides emerged from the latest round of talks at Acas, the conciliation service, on Wednesday expressing confidence that an agreement was close.

Earlier, J. E. Hanger had hoped that a settlement could be achieved by the end of this week.

However, negotiations are believed to have to continue as a result of a demand from shop stewards representing 130 workers still in dispute for further clarification about the terms of an offer from the company.

The offer, based on £780,000 compensation for the workers who will not be reinstated, has been accepted in principle by the national executives of Tass, the manufacturing union, and FTAT, the crafts union, on the condition that it is approved by the former staff.

Doncaster pits halted by pickets

By Charles Leadbeater, Labour Staff

SEVERAL PITS in the Doncaster area were brought to a halt yesterday after about 6,000 miners refused to cross picket lines mounted by miners dismissed during the 1984-85 miners' strike.

The men, some of the 352 who have not been reinstated by the British Coal Corporation, were led by dismissed miners from Kent. It is estimated the corporation lost about 20,000 tonnes of output as a result of the action.

British Coal reaffirmed that it would only consider reinstating the dismissed men if further evidence was brought to light concerning their cases.

Mr Peter Walker, the Energy Secretary, yesterday issued draft orders establishing the Union of Democratic Mineworkers' right to representation on committees which oversee the mineworkers' pension scheme and the coal industry social welfare organisation.

The reorganisation of the committees could pave the way for the UDM, the breakaway union based in Nottinghamshire, to have joint negotiations with the majority National Union of Mineworkers.

It is understood that even left wingers in the NUM's leadership have argued the union should take part in discussions including the UDM, in spite of the bitter antagonism between the unions since the end of the strike.

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Saturday May 2 1987

Markets fill a vacuum

THERE IS even less than the usual market interest in the preparations for the seven-nation economic summit which will be held in Venice in June. There is good reason for this, for on present indications it will be an enigmatic affair which might have been scripted by the Italian playright Luigi Pirandello, entitled Seven Characters in Search of a Mandate.

This is of course unfair to Chancellor Kohl of West Germany, who recently won a resounding vote; but since he is at the moment economically immobile, this self-confidence will actually make any positive outcome of the summit a little less likely.

His opposite numbers in the discussions will be President Reagan and Mr Nakasone—who have been holding bilateral talks — Mrs Thatcher, and Messrs Chirac, Fanfani and Mulroney. The President and Mr Nakasone are already engaged in bartering presidential vetoes which may be voted down and prime ministerial promises which may be impossible to deliver.

Mrs Thatcher will probably be running for office, Mr Fanfani heads a provisonal government without parliamentary backing and Mr Chirac has been put somewhat in the shade by his Socialist President. The Canadians can hardly deliver summit decisions single-handed.

Different story

At a time when the OECD, the IMF and the united central bank governors announce every day the need for international policy co-ordination, this might be thought a frightening situation; lame ducks are not much use as life-savers. However, the markets have a different story to tell; they have approached the May Day break without any calls of "Mayday," and in London they are positively euphoric.

This can partly be explained by the continuing flood of liquidity — the reflection of record national payments imbalances which have been financed recently mainly by official intervention. There is some rational support, though, for not worrying too much about the temporary impotence of the political leaders.

Even at the best of times, politicians can only lean into the prevailing economic wind. When they are less effective, the laws of economics seem quite capable of imposing themselves without political intervention, and there are some signs that this is happening now.

The current moves in interest rates are a good example. Rates in Tokyo are being driven down by the sheer weight of money. American banks would no doubt find their cost of funds rising even if the Fed had not decided to make its own open market policies a little more snug, to use Mr Paul Volcker's slightly puzzling term.

In London Mr Lawson gives the market all credit for its vote of confidence in British performance; he would hate to be accused of electioneering. He may be unable to avoid the charge. The combination of unexpectedly good trade figures and record equity prices could attract foreign inflows next week on a scale that would make restraint very hard to maintain.

Delayed ending

The trade figures themselves tell a story which could be studied with profit in Tokyo and New York, for they prove that the much-discussed J-curve does have an end. The British trade figures deteriorated very fast while sterling was on its way down to its current weighted average. For some time now, though, it has been recovering a little from its lows. The result is that the benefit to exports from renewed competitiveness now shows through in the money flows.

The protracted devaluation of the dollar, in a series of sometimes barely manageable slides, has delayed this happy ending for the Americans. They have found themselves tobogganing down a whole series of J-curves, so that the adverse effect of the latest rise in import prices is always masking the benefit of what is already quite a noticeable turn-round in exports.

Japan and West Germany are on the other end of this process. Here the rise in import volume has been very marked, and export growth has already slowed to a creep in Japan, while German export order books are falling. In money terms, though, their surpluses show records every month.

This is, at the moment, a nasty problem for the central banks. The markets seem to demand that they will support the dollar only when they can see the current account balance moving in the right direction. However, economic theory, confirmed by British experience, says that the improvements in the trade balance will show up in money terms only after exchange rates have been stabilised. Our author is now Joseph Heller: Catch 23, perhaps.

It may well be that the policy changes which will help to complete the world adjustment will come right at the end of the story; for theory also tells us that the changes already to be seen in trade volumes must slow growth sharply in countries like West Germany and Japan, and speed it up in the US. As Mr Lawson could explain, there is nothing like growth to help in cutting government borrowing; and there is nothing like a slowdown to loosen political ideas.

South Africa's National Party cannot lose next week's whites-only election. But, says **Anthony Robinson**, the party is being pounded from left and right. Below he talks to F. W. de Klerk, heir-apparent

IT HAS been the longest, bloodiest, most confusing election campaign in the history of white South African politics.

The ruling National Party has for the first time faced organised opposition from the right, from the left and from independent candidates, against the background of an intellectual revolt in Afrikanerdom and a bitter strike by black railway workers.

It will also be the first election fought under a State of Emergency and with polling on Wednesday likely to be marred by a large-scale black worker stay-away.

Ironically the main protagonist in the campaign has not put up any candidates and most of its supporters do not have the vote. The spectre haunting the election has been the African National Congress (ANC) an organisation banned for 25 years, whose leaders—men like Nelson Mandela and Oliver Tambo—are either in jail or in exile.

What has lifted the ANC to this exalted position has been the ambivalence of a National Party unable or unwilling to spell out its plans for the future. This is partly because the party itself is divided, but mainly because any unequivocal statement would lose votes either on the right or the left. Instead it has mounted a scare campaign, backed by an apparently bottomless budget and control over the state radio and TV monopoly, concentrating on security issues and preying on white fears.

As the campaign moved towards its climax, Pretoria sent soldiers to Zambia to prevent an alleged ANC infiltration effort. It also took a tough line with the black trade unions and railed

HOUSE OF ASSEMBLY	
Party	Total
National	126
Progressive Federal	27
Conservative	18
New Republic	5
Herstigte Nasionale	1
Independent	1
Total	178

against foreign meddling. It has tarred the liberal, mainly English-speaking Progressive Federal Party (PFP) as being soft on the ANC and communism while warning that the full-blooded, white power policies of the right would lead to violent revolution.

It is urging voters to vote for the party it knows, the party which has ruled South Africa for four decades under the slogan "Reform yes, surrender no."

The NP's policy mix—cautious reform aimed at persuading moderate blacks to agree to a power-sharing formula which would still leave whites in control—is vague and contradictory. It is based on the continuation of ethnically based politics, a formula rejected by liberal businessmen and by many Afrikaner intellectuals and members of the middle class who have outgrown the Afrikaner tribalism which once cemented the "Volk" behind the NP.

They argue that Afrikaners should secure their long-term future by seeking alliances with moderates across ethnic lines on the basis of a shared belief in "Christian values," a free enterprise economy and legal guarantees for individual as well as "group" rights.

Their champions are the three main independent candidates, Wynand Malan in Johannesburg, Denis Worrall and Esther Lategan in the Cape.

But theirs is a vision with no appeal for hard-pressed blue collar whites, farmers and others whose privileges are most vulnerable to black economic and political advancement. As Ferdie Hartzenburg, the right-wing Conservative Party candidate in the western Transvaal "Platteland" sarcastically told whites at a Conservative Party rally recently: "P. W. Botha wants to chop off your heads but is guaranteeing you that with his unique formula you will not die."

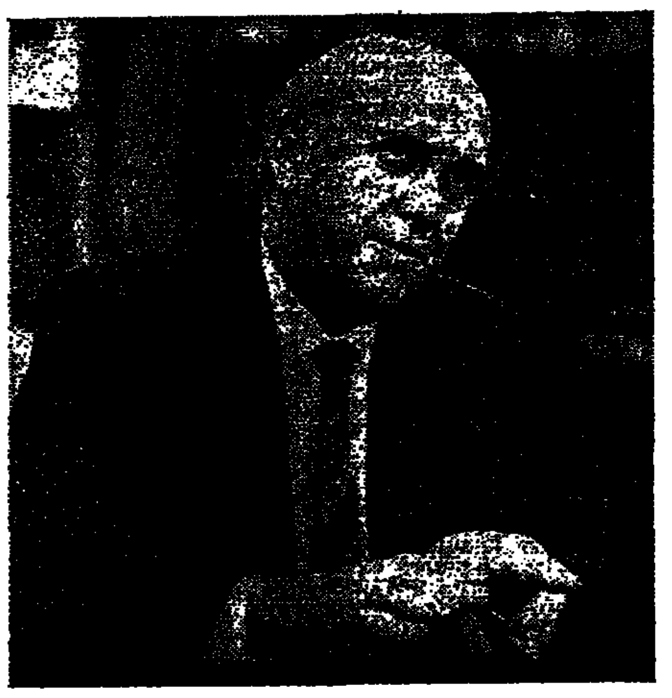
The right-wing parties have lost valuable time and prestige fighting over a proposed electoral pact which failed to materialise.

But the Conservative Party, like the Independents and the PFP, is also looking forward to the next elections due in 1989. Its leaders calculate that without an electoral pact, the extreme right-wing Herstigte Nasionale Party (HNP) will lose its only seat leaving the path open for a solid right-wing vote for the Conservatives in 1989.

If left and right are correct, the next two years will see a fundamental re-alignment and polarisation of South African white politics with the NP squeezed from both sides.

INTERVIEW

One for the middle of a bumpy road



WHEN a brave South African voter rose at an election rally in Stellenbosch last week to ask President P. W. Botha when he intended to retire, he was blasted for his impertinence and told in no uncertain terms that nothing was further from the Presidential mind. But the eventual succession to the man who has ruled South Africa for over a decade and is now 71 and increasingly irascible is exercising the minds of many in the ruling National Party and outside.

One possible heir apparent, Mr Chris Heunis, the Minister of Constitutional Development, who recently took over Mr Botha's mantle as National Party boss in the Cape, was sitting beside the President as he spoke. But his chances have waned considerably in the current election campaign during which his constituency has come under siege from Dr Denis Worrall, former Ambassador to the UK, who is fighting the seat as an independent.

By weakening the man most closely connected with the Government's reform programme, the most direct effect of Dr Worrall's intervention has thus been to strengthen the hand of his rival Mr Frederik Willem De Klerk, the Transvaal party boss who is the epitomy of party orthodoxy.

A shrewd former lawyer, with an impeccable political pedigree F.W., as he is invariably called, is fighting off a strong right-wing challenge in his own seat of Vereeniging as well as masterminding the National Party campaign in the Transvaal, the richest and most populous of South Africa's four provinces.

F.W. lacks the thick wrists and peasant stolidness of traditional Afrikaner leaders from Paul Kruger to P. W. Botha. Like Moscow's Mikhail Gorbachev, the dapper, 51-year-old looks and sounds like a man from a newer political generation. Sitting in the cramped back room of his campaign office in Vereeniging he laughs at the comparison. "All we have in common is this," he says, patting his prematurely bald head.

Yet the parallels are there. Whoever succeeds Mr Botha will also face the daunting task of cajoling an entrenched bureaucracy and protected white working class into accepting painful changes to their way of life if solutions are to be found to the country's problems.

Questions abound as to Mr De Klerk's fitness to meet these challenges. Does he have the potential to lead whites in general and Afrikaners in particular through the next stage of South Africa's search for a new *modus vivendi*? Does he have the vision, the courage, the conviction or the charisma? Clears answer prove elusive.

Mr De Klerk says the main task ahead is "to reconcile the two great and seemingly contradictory realities of South Africa—the reality of diversity and the reality of interdependence between all the various black, white, Coloured and Indian nationalities and cultures. He recognises that at present the white tribe dominates the political scene, controls the security forces, the economy and imposes its will on the rest. But he emphasises: "We in the National Party want to stop dominating others: that is the ultimate goal of our reform policy. But we have to find a way so that we in turn will not be dominated by others."

Parties to the right of the NP over-emphasise, he says, the diversity of South Africa and insist on the right of whites to continue dominating others in the 86 per cent of South Africa which is designated white. "They believe that the pressure of numbers will nullify any measures that you take to ensure group protection and point to Zimbabwe as an

● PERSONAL FILE

1936—Born in Johannesburg
1958—Graduated as a lawyer from Potchefstroom University
1961—Opened legal practice in Vereeniging.
1969—Married Marike Willemse; two sons and a daughter.
1972—Won by-election at Vereeniging as National Party candidate.
19?—Entered Cabinet as Minister of Post and Telecommunications.
1982—Became Transvaal leader of National Party
1984—Minister of Home Affairs and National Education.

example." But the analogy is not correct, he says, because the Lancaster House agreement's commitment to minority protection in Zimbabwe was "mere tokenism" which the National Party's commitment is not.

Meanwhile those on the NP's left, like the Progressive Federal Party (PFP) and the independents err in the other direction by over-emphasising interdependence and underrating the security and other implications of diversity.

"They have a utopian vision of a homogeneous society which does not exist and say people must forget the reality of nine different language groups and cultural diversity." Many PFP supporters are rich enough to believe that they will in any case be able to buy their security, he adds.

The NP's solution, he says, is to start from the reality of diversity and to ensure that "each group must have its own power base, its own executive and legislature and autonomy over its own affairs like education and welfare."

Rejecting objections that this is merely a way of prolonging white domination he adds: "We are not only talking about whites. Look for example what has happened to Indians in the rest of Africa, or the fate of minority tribes like the Matabele in Zimbabwe and the Ibos in Nigeria. We are all minorities and all must be protected against domination."

Recognition and entrenchment of group security needs and cultural identities is essential, he insists. Hence the party's emphasis on security issues in the election and its propaganda campaign saying a vote for the PFP is tantamount to a vote for the banned African National Congress (ANC).

With all groups secure in their own residential areas, schools and other facilities "people will get along with each other and co-operate, as they already do in the streets and in offices, factories and mines throughout the country."

Mr De Klerk continued his indirect justification of the Group Areas Act and other apartheid era legislation, with an explanation of the Government's concept of "power sharing." Decisions on matters of common concern like defence, the economy, law and order and foreign policy will in future be thrashed out through an as yet undefined council of state where elected representatives of the majority in each of the groups would come together.

After four decades of ruthless social engineering, involving the forced removal of millions of blacks, the National Party has already gone far along this path by creating 10 ethnic black homelands, of which four are nominally independent states, and a tricameral parliament in which Indians and Coloureds as well as whites now have their separate houses.

The main obstacle to the completion of this scheme is the existence of over 10m blacks living in townships and farms in "White South Africa" who do not have political representation or votes either in the homelands or in South Africa. Because of this, "one of the aims of the election is to seek a new mandate to accommodate blacks in the political process," Mr De Klerk added.

Just how this is to be achieved remains obscure as President Botha has specifically ruled out the creation of a fourth chamber in parliament

While presenting his rationally argued vision of a neo-apartheid future Mr De Klerk gives no hint of the intellectual revolt in Afrikanerdom against this ethnic concept of politics and the groping towards more flexible policies based on freedom of association across colour lines. But he is certainly aware of it.

The De Klerk family, active in Afrikaner politics for three generations, is itself deeply divided like so many other Afrikaner families on this issue.

Elder brother Willem "Wimpie" De Klerk, who coined the terms *verligte* and *Verkrampte* to distinguish the enlightened and conservative strands of Afrikaner thinking, has just resigned as editor of Rapport, the influential Afrikaans Sunday paper. He was too liberal and critical of party orthodoxy for the *Verkramptes* who now dominate the party

But F. W.'s priority is not to woo disaffected Afrikaner yuppies or attract English-speaking liberals from the PFP but to reassure nervous, politically unsophisticated middle-of-the-roaders and to head off the right-wing challenge.

He seems the perfect man for the job. If he succeeds in consolidating his Transvaal power base, the eventual leadership will be firmly within his grasp. But whether this archetypal product of the system will be capable of giving a new sense of purpose and hope, not only to whites but to all other races, remains in doubt.

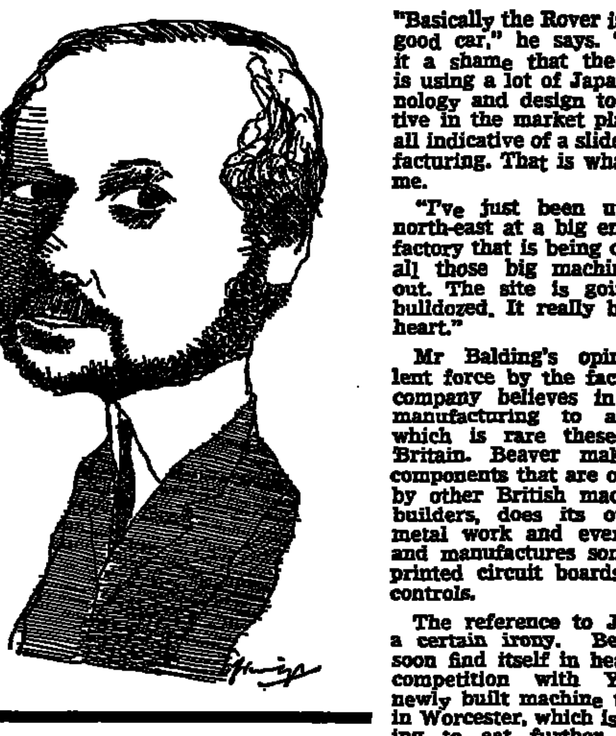
At present he still looks more like an intelligent pragmatist determined to make the entrenched ideological system work better than a man with a new vision of a modern, non-racial future for South Africa.

Man in the News

Tony Balding

Taking the bloom off the boom

By Nick Garnett



AS BEDSIDE reading this week's near euphoric survey of the UK economy by the Confederation of British Industry should have been just the thing for Tony Balding.

After all, his machine tool business has been moving in just the same barn-storming direction as the CBI's own industrial trends survey.

As joint managing director of Beaver, a family firm in Norwich, Mr Balding has been spending many long hours behind the wheel of his Audi Quattro just keeping up with the company's growth.

A small machining and assembly plant was opened in Suffolk in January and yesterday construction began on Beaver's latest addition, a factory in Peterborough.

Sales last year of Beaver's home-designed and manufactured machining centres and lathes were up 35 per cent to a record £11.5m. They look like topping £14m this year, with unit volumes jumping by a fifth.

Mr Balding and his father Victor, the other co-managing director have the satisfaction of owning factories humming along on seven-day, four-nights-a-week shift working. Mr Balding junior is off to seek orders in China later this month to try and keep his workforce of almost 300 busy. "The market is good," he says.

So, as a successful manager whose business is growing, does he feel part of the "booming Britain" described in the survey? And what does he make of the optimistic conclusions in the CBI's 165-page tone on the health of British Industry? To the latter, the answer is "Not very much.

"I would not echo those statements. There's simply no depth left in manufacturing in Britain. It is getting shallower all the time too and because of that I just do not know how you can have a strong economy."

Mr Balding, 40 years old and a graduate in management and production engineering, is certainly no member of the strident doom-and-gloom brigade only too readily found in the battered towns of England's North and Midlands.

The question of whether many companies are really doing better now than they were a few years ago is not at issue, he says. Of course they are. Of course the business climate is better than it was in the late 70s and early 80s. Of course some companies have got their acts together.

But on whether the UK can prosper and grow, Mr Balding detects more than a bit of complacency in the CBI report. "I really found it difficult to rationalise what I read in the papers. There's just been so much destruction here, so much breaking up of businesses.

"Maybe things will change. Perhaps there are some new advantages coming for us with the yen and so on. I just hope this country has got the wherewithal, but I really wonder now if we have in manufacturing. If you let so much of it go as we have, you can't get it back. I mean if the Pyramids had been flattened no one would have rebuilt them.

> If the Pyramids had been flattened no one would have rebuilt them

So he is alarmed when he looks at the Rover 820 he has on loan at the moment while his Audi is out of commission. "Basically the Rover is a bloody good car," he says. "But isn't it a shame that the company is using a lot of Japanese technology and design to be effective in the market place. It is all indicative of a slide in manufacturing. That is what worries me.

"I've just been up in the north-east at a big engineering factory that is being closed and all those big machines taken out. The site is going to be bulldozed. It really breaks my heart."

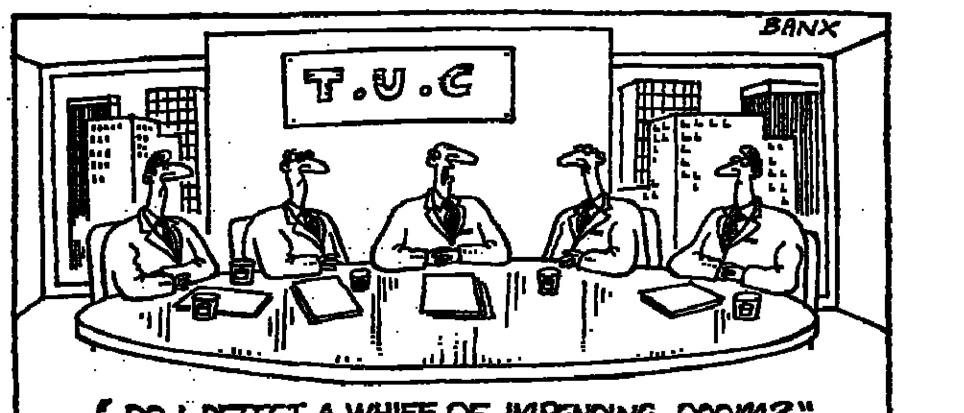
Mr Balding's opinions are lent force by the fact that his company believes in in-house manufacturing to an extent which is rare these days in Britain. Beaver makes many components that are outsourced by other British machine tool builders, does its own sheet metal work and even designs and manufactures some of the printed circuit boards used in controls.

The reference to Japan has a certain irony. Beaver will soon find itself in head-to-head competition with Yamazaki's newly built machine tool plant in Worcester, which is threatening to eat further into the British market.

When asked what can be done about the problems that concern him, Mr Balding frets about many of the things that appear regularly on other people's worry lists, such as levels of training and the tax structure for encouraging investment. He also thinks Government should have taken measures to protect industry against imports.

But Mr Balding says he is not very political. UK governments of all persuasions tend not to understand manufacturing, he thinks. So who will he vote for in the election? "I wouldn't say I was a supporter of the Conservative Party. But at the end of the day you have to put your cross against someone's name."

UNIONS AND THE LABOUR PARTY



"DO I DETECT A WHIFF OF IMPENDING DOOM?"

The unthinkable is on the agenda

By Charles Leadbeater

WITH THE Labour Party trailing badly in the polls, amid calls for tactical anti-Tory voting, some trade union leaders are starting to contemplate the unthinkable. Can they continue to invest their unions' hard pressed funds and their political hopes in a party that looks set to lose again?

That the question should be asked at all, even in private, is a measure of the strains between the unions and the party. Bound together in history Labour has relied on the unions to provide the lifeblood of finance and activists. The unions have relied on Labour as their sole political voice.

In part, the strains reflect the politics of the last eight years. Labour fell from power in 1979 through its failure to deliver its supposed trump card —union acquiescence to a pay policy. The Government's attack on the unions, as undemocratic, disruptive vehicles for inefficiency, combined with the 1984-85 miners' strike, have persuaded many Labour politicians that they should play down links with the unions.

Most union leaders say they need a Labour government more than ever to restore their strength and prestige. But, in the last eight years, they have increasingly had to fight for themselves.

The immediate pressure for union soul-searching is the stream of opinion polls showing the Conservatives well in the lead. But calculations about voting shares and seat numbers mask a deeper issue.

Union leaders are beginning to come to terms with the permanence of the Alliance as a third force in British politics. And with that comes a further question: what role could the unions play in a post-election realignment of the centre?

On the right there is some talk of a major realignment should Labour fail markedly to improve its standing. Predictably this is associated with the modernised "new right" of the movement, the Amalgamated Engineering Union and the electricians union EETPU, who proudly trumpet their computer-based, democratic decision-making and their progressive "market unionism" approach to industrial relations on behalf of core workers.

These and other right-wing unions believe two issues will be central to a Labour defeat. The party's unilateralist defence policy and the prominence of the so-called "loony-left," pioneering what it sees as egalitarianism over race, gender and sexual orientation through Labour councils.

These policies are identified with the fashionable of the metropolitan, middle classes. They are held to have little or nothing to offer "ordinary working people."

After an election defeat, so the argument goes, these right-wing unions will demand major changes in Labour's policy and character. As one union leader puts it: "We would want to get rid of all those people who have consistently embarrassed the party with barmy policies." Without this, he foresees a major realignment.

Under this doomsday scenario, Mr Neil Kinnock would be deposed as party leader. Elected to bridge the gap between the wings of the party he would, it is believed, obstruct a pull to the right. If he proved difficult to budge, some right-wing unions would distance themselves from the party and start trying to deal with the Alliance, leaving it open as to whom they would throw their weight behind in the first election of the 1990s.

But this logic is greeted with widespread scepticism. "Do not underestimate the strength of the ties between the unions and Labour. Where would these unions really go to?" asks one right-wing union leader.

The Social Democratic Party is still viewed as an anti-union party. It was partly the product of disenchantment with union behaviour during the late 1970s and Dr David Owen, party leader, is believed by most union leaders to be on as draconianally an anti-union path as the Government.

Mr John Golding, the right-wing leader of the National Communications Union, who would be considered a prime candidate for joining a realignment, remarks: "It is not a working class party. All the working class people who initially joined it have disappeared."

It seems that a realignment of trade union political support would require a simultaneous political shift by a substantial body of Labour MPs, including senior figures such as Mr John Smith, shadow trade and industry spokesman, and Mr Roy Hattersley, deputy leader.

But even union leaders who dismiss the idea of unions deserting Labour see major changes ahead.

Mr Ron Todd, of the Transport and General Workers Union, and Mr John Edmonds, of the General Municipal and Boilermakers, believe the unions have to become more involved in the party's campaigning.

Mr Todd has no time for those who are already planning for a Labour defeat. But his recent fighting speech at the Scottish TUC was largely taken up with warnings of what the Government would do when re-elected. Even his dogged optimism carries the whiff of impending defeat.

Some general secretaries believe the unions will not be prepared to invest as much money in the party as before. The implication is that the unions will have to change their character as political organisations by using this money to influence public opinion directly, rather than relying on Labour.

There is even talk of reopening the debate over the party's decision-making which tore it apart in 1981: "In the long term, we will not get the kind of policies needed to sell the party unless unions come to play a more crucial role in decision-making," says one general secretary. This would include changing the make-up of the electoral college used to choose the party leader and the way candidates are selected.

One factor which tends to slow down change is the uncertain political colour of the union movement. "The key to the party's political direction is the TGWU," says one right-winger.

The leadership of the TGWU, Britain's largest union, is apparently engaged in a power struggle in which right-wingers and former broad left supporters have allied to challenge left-leaning Mr Todd. Though there is a reluctance to present the struggle as anything more than a personal contest, it does reflect a sense of political drift, with the centre-right block asserting the tradition of the unions' mighty past.

A certain victim of a Labour election defeat will be the uneasy status quo at TUC headquarters. "We will have to look at that whole bureaucracy, a task we have put off for eight years. There is no point in producing budget submissions for a Chancellor who does not read the first page. The organisation has to be turned round to influence public opinion more directly," says one general secretary.

Others believe the unions will also have to rethink their dealings with Government and try to establish a place in the debates it initiates. Some believe it may be possible to find common ground with even a third Thatcher Government on non-industrial relations issues. such as energy policy.

The very discordancy of union views, however, suggests the first result of a Labour defeat could be a self-destructive struggle within the TUC, spilling over into the party and putting the authority of Mr Kinnock to the test. The positions taken by Mr Smith and Mr Bryan Gould, the party's campaign co-ordinator, as well as centre-right union leaders, would be crucial in determining how far the blood-letting went and where it led.

Some, though, remain sanguine. "We have been out of power for 13 years before. The wheel will turn again, the economy is heading for another downturn. There is no need for drastic change—just a long, patient haul," says one union leader.

Others, who want to shift the party decisively to the right and to reflect the "aspirations of our people," know that increasingly those aspirations are being articulated through the individualism of the market rather than collectivism of the unions. The appeal to ordinary working people seems more a political totem than a description of a social group prepared to fall behind Labour's banner.

At root, though, it is this self-image which prevents many union moderates conceiving of a major realignment of the centre which could embrace the modern technocratic appeal of the SDP.

It may be that the unions' grass roots attempts to come to terms with changes in the labour market—combining the growth of a periphery of part-time and temporary workers, with organising core workers—may produce both the intelligence and the political base to reinvigorate the labour tradition in the late 1980s. But it could also be that 1987 will be the year when Labour's long-halted march dissolves into disarray.

Marching to the media's tune

Fiona Thompson on the changing face of protest

A FEW YEARS ago Cambridge students protesting about grant cuts organised the overnight occupation of a large lecture hall. A demo in the great tradition of the 1960s?

Well, not quite. First the students' union went to the university authorities and hired Lady Mitchell Hall for the occupation. Their predecessors, whose revolts two decades before had prematurely aged a generation of vice-chancellors, would have been speechless.

As student demonstrations have changed, so has the nature of protest in other walks, or in this case, marches of life.

The days of hoping to achieve much with a big march, banners and bagpipes, seem to be over. Today, the demo, and the protestors' unmistakable principal target, has had to change.

"Only if it's portrayed on television can it be really effective. You have to do something different to attract media attention and, let's face it, that's what it's all about if you want to influence parliament and get changes," says Ms Molly Meacher, national co-ordinator of tomorrow's Hands Across Britain human chain.

She hopes to mobilise 350,000 people, linking hands in a line from Liverpool to London, to draw attention to the need for policies to reduce unemployment.

"The 350,000 will represent just one-tenth of the total unemployed. We need the visual image to portray the magnitude of the problem. Traditional demonstrations, the mass meetings in Hyde Park, have lost their significance: they're a thing of the past."

Few people would disagree with this opinion, including those with years of experience organising just such events.

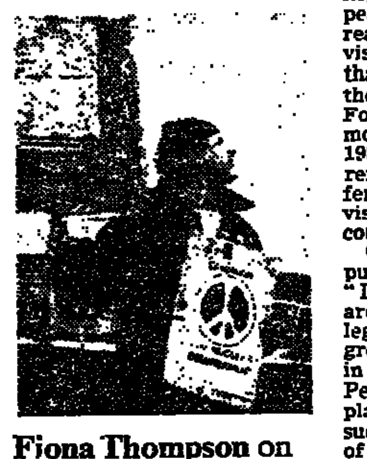
To Peter Hain, the veteran campaigner who scored his first success at 19 organising the protests which forced the cancellation of the 1970 South African cricket tour of England, demonstrations were novel at that time.

"In the late 1960s, early 1970s, you could rustle up a demo at a moment's notice. They made an impact and posted a threat to the established order which would not be the case now."

Most demonstrations held by trade unionists today tend to be historic, marking anniversaries, like the annual Tolpuddle and GCHQ marches, events that do not split union opinion. Days of action are rare.

"People often feel it's no use demonstrating against this Government," says Tom Sawyer, deputy general secretary of the National Union of Public Employees. "It's a dialogue with the deaf."

The two TUC-sponsored people's marches for jobs in



1981 and 1983 were "not terribly effective. They didn't engage the public consciousness."

Unions have had to alter their traditional methods of protest to accommodate the changing mood and composition of their members, holding youth pop concerts and women's days.

"We have moved beyond Saltley Gate" (when thousands of people poured out of factories in Birmingham and marched on the Saltley Gate coke depot in support of the miners in 1972), says Peter Ashby, director of the independent think-tank, Action on Long Term Employment, and a former TUC official.

The old notions of "macho collectivism" do not count as much as they did, he says. The grand gesture can too often be a substitute for fresh thinking and creativity.

"The problem with traditional demonstrations is traditional demands and traditional slogans. What the unemployed need is non-traditional routes back into work."

The resurgence of the peace movement and the role of women in it has also led to a new kind of protest, a change from the essentially labour-movement-based, white, male, working class traditional demonstrations of the past.

"There is a far wider base of support now," says Joan Ruddock, former chairman of the Campaign for Nuclear Disarmament. In addition, direct action in the form of civil disobedience is becoming more common. "It is sometimes the key to change" she says. The peace movement has long realised the importance of the visual impact, knowing full well that 30,000 women encircling the perimeter of the US Air Force base at Greenham Common as they did in December 1982, teddy bears and children's clothes pegged to the fence, was a picture few television or newspaper editors could resist.

Changed legislation has also put a new face on protests. "Demonstrations in the 1980s are tied up in great amounts of legal red tape. The police have greater power to regulate than in the 1960s and 1970s," says Peter Hain. "The restrictions placed upon people now are such that a spontaneous upsurge of feeling is immeasurably harder to express."

The police presence at the average demonstration is heavier than in the past, most organisers feel. There is less tolerance on behalf of both the police and demonstrators and a much lower threshold between peaceful and violent demonstrations.

"You do expect to see the police now. They were every 50 yards at last Saturday's CND march," according to Maureen Brown, who was at Aldermaston in 1960 and has been active in her local peace campaign in the staunch Tory town of Leighton Buzzard, Bedfordshire, for many years.

It is harder to motivate people now, to get them to come out and get physically involved, she says. What makes her continue?

"If you look at our history, the Chartists, the suffragettes, you can see that protests do work, big movements do change things.

"The demonstrations are tremendously uplifting. It is wonderful to find thousands of people feeling the same, especially after months of battling away in Leighton Buzzard, thinking I'm a bit of a nut case.

"I continue to demonstrate because we still have nuclear weapons. You cannot let other people down."

Letters to the Editor

Privileged employees

From Mr J. Shuttleworth

Sir,—Comment on the "early leaver problem" created by the Budget pension proposals has centred around the effect on people changing jobs, of the restrictions on lump sum payments and the increase from 10 to 20 years before the maximum two-thirds pension can be built up. There is a third feature of the pre-Budget Day regime—specifically there to aid the mobility of top executives changing employers late in life—which allowed the new employer to insulate the executive from any adverse effect on his retirement benefits by giving him the pension (and lump sum) he would have received from his former employer. Introduced in 1961, the "previous expectations" concession, as this is called, has not been widely used since 1970 as employers have been able to provide their employees with maximum benefits after 10 years' service. Under the Budget proposals, new employees can only be given maximum benefits after 20 years service so it would be expected that the previous expectations concession would become more relevant in the future. Unfortunately, the Finance Bill, as presently drafted, appears to bring to an end this sensible Revenue concession.

It is not clear to me why the Chancellor thinks it is right to limit the man who changes jobs to lower overall benefits than the stayer. My confusion is increased when those who endeavour to use the concessions to obtain the level of benefits granted to all career civil servants are described in the Budget Day Press release as "certain privileged employees!"

John Shuttleworth
(Associate Director, Acturial Benefits Consultancy),
Coopers & Lybrand,
Plumtree Court, EC4.

Alert to danger

From the Deputy Chairman, Watt Committee on Energy.

Sir,—I refer to your coverage (April 25) of the one year anniversary of the Chernobyl nuclear reactor accident.

At Chernobyl, operators were able to disconnect the safety provisions, and the safe operation of the reactor was left to the judgment of control room staff.

Such action is not possible in Britain where nuclear reactor plant will shut down automatically if any of several criteria, which could endanger the safety of the plant, are exceeded. Yet operators are trained and instructed to keep the safety of the plant as the paramount consideration.

As your article "Dozy days at Peach Bottom" indicates, operators can find it difficult to remain alert to dangers which are automatically catered for.

Here is a field for discussion and research of considerable importance; how can operators be kept alert and interested with plant that has automatic fail-safe provision? Have we got this right in Britain?

Norman G. Worley.
Savoy Hill House,
Savoy Hill, W.C.2.

Big Bang and the customer

From Mrs J. Sculley

Sir,—The Stock Exchange was originally referred to the Office of Fair Trading because it operated a closed shop which should be opened to competition, so benefiting its customers. The present situation is as follows:

Listed companies, if they wish their shares to continue to be quoted, are facing increases in their listing fees of between 90 per cent and 150 per cent.

The small investor is still paying a minimum commission (in some cases more than pre Big Bang) and the commission rate is still 1.65 per cent on small bargains. Settlement is taking longer due to the overloading of the system.

The institutions are the main beneficiaries, they either pay no commission or at worst a much lower rate than before.

Mrs J. M. Sculley.
3, Thanet Road,
Bexley, Kent.

Telephone banking

From the General Manager, Financial Services, TSB England and Wales

Sir,—Mr E. V. Marks (April 25) expressed concern about the security of Speedlink, TSB England & Wales' new telephone banking service, and wondered whether it would prove to be just another gimmick.

Security is not a matter which any bank can afford to take lightly and in the case of Speedlink, safety devices have been built in at every stage of the process.

To access an account a customer must quote two sets of identification numbers plus their bank account code. The ability to transfer funds from one account to another, or pay a bill, must be pre-authorised with the customer's local branch.

In the case of a joint account between husband and wife, it is common practice for a "payable to either" mandate to be held by the bank. Where Speedlink is concerned, transfer of funds from the account by either party would depend on both agreeing to and maintaining such a mandate.

As to whether Speedlink will be viewed as a gimmick, we are investing considerable sums in this service because research indicates that our customers will both welcome Speedlink and use it. The simplicity and convenience of the system will give real and immediate benefits—and it is still early days. The potential of this system for both personal and business bank customers is enormous.

Remember, there were those who said the motor car would never catch on. . . .

Charles Love.
60 Lombard Street, EC3.

Gazumping and buyers

From Mr T. Blenkin

Sir,—As an estate agent, I greatly enjoyed your article published under the name of Ray Mgadzah, in the supplement on April 25. To have produced an article like this as a way of demonstrating how inept would-be buyers are their own worst enemies was a master stroke. Property vendors and their agents across the country must have chortled with mirth to see the age old problem so cleverly sent up.

But it really is a serious problem; the buyer who attempts to obtain a 100 per cent mortgage, without which he is unable to afford the carpets in the house, and who then spends 2½ months failing to secure the necessary finance is a common enough figure, and is the despair of every right thinking agent. Yet it is buyers just such as your Mr Mgadzah who wail about gazumping, and are surprised and hurt when the vendor of the property which they seek to buy yields to the temptation of a higher offer from a party in a position to proceed.

What of the vendor? How many houses have slipped through his grasp while the purchaser of his house fails to arrange finance? Vendors, it appears, are not allowed to complain; it is only buyers who can be gazumped, and only buyers who apparently have a reasonable cause for complaint.

Your witty article has pointed up the deficiencies of the system in a most entertaining manner, and I congratulate you. I have been trying to work out whether your correspondent's name is in fact an anagram of the word gazump or something akin to it, but I have so far been unsuccessful.

Tim Blenkin,
Jackson-Stops and Staff.
23 High Petergate,
York.

Learning to win

From Mr R. Wilson,

Sir, — Mr Coggan (Weekend FT Sport, April 25) is not alone in lamenting the decline in cricket tuition in state sector schools. His conclusion however, that the future of England cricket lies exclusively with the Ponsonby-Smythes of Eton and Harrow is hasty and alarming.

Mr Coggan and other prophets of cricketing doom would serve the cause of cricket better were they to report on the club-led coaching that is now undertaken to bring on young cricketers.

In the Huddersfield area alone, a public programme of coaching at five separate centres for under-13 and under-17 ages is held every winter. At my club we have held weekly under-13 indoor coaching throughout the last two winters and other clubs do likewise where facilities allow.

I stress that these sessions are not simply practice nets but formal structured basic-skill coaching sessions under the supervision of qualified coaches who have taken advantage of the local coaching association courses to learn how to teach youngsters the difficult and unnatural skills of cricket.

The instruction continues in outdoor nets throughout the summer. Each week in our area between 500 and 700 boys play junior league cricket on Sunday mornings and Wednesday evenings and I believe that, in other areas, the situation is similar. We attempt to teach the boys to bowl up to the bat and bat down to the ball — so there is hope yet for Mr Coggan's beloved cover drive!

I agree that the demise of state-sector school cricket is lamentable but as long as teaching is run by people who hold that competitive sport is to be discouraged it is perhaps fortunate that the shift to the clubs is happening (in Huddersfield at least!) and that boys are taught to bat, to bowl, to field — and to win.

If Mr Coggan would like to visit us, we would be delighted to show him at first hand what we are doing—but he is advised to bring his kit with him as he is certain to be roped in to assist!

R. Wilson,
Huddersfield YMCA
Cricket Club,
Lord Street, Huddersfield.

Tactical voting

From Mr S. Cox

Sir,—Malcolm Rutherford's article (April 24) on tactical voting, where he advises us against it, seems to miss the crucial point. Why should parties seek to maximise their national vote totals when this need not affect the result? The British system of government does not grant legitimacy on votes, but on possessing a working majority in the House of Commons. Were the party with least votes to get the most seats, our Mother of Parliaments would continue unperturbed.

Tactical voting arises because the current electoral system is manifestly inadequate. Under proportional representation, each party could seek to maximise votes and seats won. Labour voters in Surrey or Conservatives in Liverpool could vote with their heart and see MPs of their choice elected. Tactical considerations — or strategic ones such as seeking to destroy a particular party — would all but disappear.

What would we discuss if we no longer had tactical voting to talk about? I expect we could think of something.

Stephen Cox.
Electoral Reform Society,
6 Chancel Street, SE1

Scooping the pool

From Mr M. Allen

Sir,—The article about business graduates scooping top jobs (April 22) was very reassuring to those of us who, up until now, were not totally convinced that Britain (or rather England) has the monopoly on business school education. At least we now know that "the ambitious climber should do their MBA at Manchester, London or Harvard University or at Cranfield Institute of Technology"—presumably in that order. The knowledge that "an MBA from any other institution may be acceptable but it will not confer an automatic head start" should be enough to put those upstarts like INSEAD, IMEDE, IESE, Stanford, IMI and the Nazareth College of Kalamazoo firmly in their place.

Micky Allen,
Am Hahnen 3,
Kassel, W. Germany.

Wardle Storey fails in bid for Chamberlain Phipps

BY PHILIP COGGAN

Wardle Storeys' bid for Chamberlain Phipps failed yesterday when the plastics-sheeting and survival equipment group acquired or received acceptances for only 42.6 per cent of Chamberlain's policy.

The failed bid comes shortly after the successful escapes by Norcros from Williams Holdings and by Bryant from English China Clays.

Mr David Chamberlain, chairman of the shoe components and adhesives group, said: "We have been totally vindicated in our belief that Wardle Storeys had nothing to offer our shareholders. Clearly they have recognised that we have the management strengths necessary to pursue our chosen aims and develop the group's profitability."

He said he was certain that M and G had voted its 6.8 per cent stake against the Wardle offer.

Wardle had first approached Chamberlain about a merger in January and when rebuffed launched a £44m bid in February. That bid was increased to a seven-for-twenty share offer with a 157p cash alternative last month but in the last few days of the bid, Chamberlain's share price slipped well below the cash offer. Yesterday, it closed down 3p at 144p and Wardle's shares were down 21p at 475p.

Chamberlain had attempted to evoke echoes of Pilkington's successful defence against BTR by rallying its customers and unions to its support; local MPs unsuccessfully asked for the bid to be referred to the Monopolies and Mergers Commission.

Wardle's attacks on Chamberlain's poor earnings record received a knock when the shoe-components group forecast a 26 per cent pre-tax profits increase to £7.25m this year. Although there was some scepticism at the profits jump, it did cast doubts on how much extra profits Wardle could squeeze out of the group.

Although Wardle announced trebled interim pre-tax profits during the bid, it was unable to demonstrate that there was any compelling industrial logic.

Schroders acted as merchant bank adviser for Wardle Storeys and Barings for Chamberlain Phipps.

Wigfalls in £6.5m sale to Granada

Wigfalls, the electrical retailer, is to sell its rental and service opeartions to Granada Group for £6.5m in cash.

The Sheffield-based company has been running down its rental operation for several years, Mr Thomas Cole, managing director, said yesterday.

It is transferring about 100,000 accounts to Granada, which has 2m television sets and video cassette recorders on rental. Granada intends, however, to eliminate the rental of white goods such as washing machines.

Wigfalls estimated that the operation made pre-tax profits of £880,000 in the year to March and that its assets have a net book value of £3.9m.

The change of ownership may result in up to 100 redundancies, Mr Cole said. The company has earmarked £1.85m of the sale proceeds to meet redundancy costs.

Granada's Servicepoint subsidiary will take on about 210 of 350 Wigfall's service employees.

Britannia Security £16m expansion into Europe

BY CLAY HARRIS

INA share exchange deal worth £15.8m, Britannia Security Group is to make its first foray into electronically monitored merchandise tags with the acquisition of Swiss-based Checkpoint Europe.

The deal also gives Britannia, a fast-expanding supplier of commercial and domestic security systems, its first access to continental Europe, where Checkpoint at present does more than 80 per cent of its business.

Checkpoint's anti-shoplifting surveillance systems use hard, soft and adhesive security tags. Mr Fritz Pichl, managing director, will join the Britannia board.

The share offer comes only a month after Britannia launched a £15m rights issue to eliminate borrowings and fund future acquisitions. Some £2.08m of this cash will be used to buy Checkpoint subordinated loan notes held by Cato Investments, the company which owns 41 per cent of the Swiss concern.

Britannia still had one or two other acquisitions in its sights, Mr Stephen Crown, vice chairman, said yesterday. With the latest issue, Britannia will have increased its share capital by 58 per cent since the end of March.

Checkpoint reported pre-tax profits of £469,000 on turnover of £5.3m in the six months to September 30. On March 31 last year, it had net tangible assets of £1.48m.

Britannia achieved pre-tax profits of £2m on turnover of £11.2m in the six months to December 31.

With Britannia's shares 3p lower at 194p, its two-for-one offer (already accepted on behalf of 52.6 per cent of shares) values Checkpoint shares at 387p, against yesterday's USM price of 375p, up 105p. Accepting shareholders will not receive Britainnia's 0.72p final dividend.

There is a cash alternative of 360p underwritten by Samuel Montagu, Britannia's merchant bank. Checkpoint was advised by Robert Fraser & Partners.

Sun Life chief faces opposition

BY ERIC SHORT

TransAtlantic Insurance Holdings has told the other shareholders in Sun Life Assurance Society that "in the present circumstances it may well find it difficult to support" the re-election of Sun Life's chairman, Mr Peter Grant at the forthcoming annual general meeting on May 13.

This statement intensifies the personality clash between Mr Peter Grant and Sun Life's largest shareholder TransAtlantic in the attempt by the latter to get board representation.

TransAtlantic holds 25.7 per cent of Sun Life and is putting up three candidates for board representation at the AGM.

The present board of Sun Life has bitterly opposed this move. However, the document issued by Sun Life a couple of weeks ago gives the appearance that Mr Grant is personally undertaking the defence against what he claims is a backdoor attempt by Liberty Life of South Africa, TransAtlantic's largest shareholder, to gain control of Sun Life.

Indeed, the expressions used in this document were extremely hostile towards the move by TransAtlantic Life.

The latest document to land on shareholders' doormats sets out the reasons for the TransAtlantic proposals. It repeats the assertion that the three proposed directors, including TransAtlantic's managing director, Mr Michael Middlemas, have proven records and appropriate skills to strengthen the board and play a significant role in the future development of Sun Life.

The document refers to the impasse that has now arisen between Sun Life and TransAtlantic and states that much of the responsibility for the situation lays with Mr Grant. It claims that he has had numerous opportunities to avoid the present situation—a situation that TransAtlantic considers must be damaging to the business and morale of Sun Life.

Mr Grant said yesterday that 30 per cent of the overall number of shareholders had already returned their proxy forms and only a handful were not supporting the Board. However, Mr Middlemas claimed that in his contacts with shareholders many were perturbed over the attitude of Mr Grant and Sun Life board.

Henry Boot back in the black

Henry Boot and Sons, the civil engineer and property group, returned to the black in 1986, reporting profits before tax of £2.41m compared with a loss of £7.13m in the previous year. Turnover fell from £182.63m to £160.49m.

However, in spite of the return to profitability, the directors said that due to an extraordinary loss of £1.94m (£655,000) incurred on the sale of its Rothervale companies it would not propose to return the final dividend to the 11.5p paid in 1984.

Therefore the proposed final is lifted from 5p to 7p, making a total of 10p (6p) for the year.

They said that subject to continued profitability and growth they intended to make a more even distribution between dividend declarations in the future. The current year had started satisfactorily.

The losses of 1985, when translated into cash requirements for 1986, were to some extent mitigated by the proceeds from the sale of the Rothervale companies.

Improved cash management and control had left the group's gearing down from about 40 per cent to 30 per cent.

The directors said that building and civil engineering activity continued to experience a very competitive market and there would be no marked change during the current year.

The sale of houses had shown improved profits and should see further growth. The railway engineering division had had mixed fortunes.

The property development activity had an encouraging year and property investment had maintained its record of profit performance.

International activity continued to be affected by the interest burden resulting from the premature termination of the Kwai Chung contract in 1985 and had returned a loss for the year.

Further international activities would be concentrated on the supply and installation of railway trackwork.

After tax charges of £470,000 (£1.16m) and minorities of £27,000 (£1,000 loss) earnings per share worked through at 36.6p (156.5p loss).

● comment

Back from the brink but still only performing at a half of its potential would be a suitable end of term report for Henry Boot. The overhang of 1985's Hong Kong difficulties shows in the stubborness of the gearing level, up at 30 per cent in spite of the £9m cash received for the Rothervale companies (shareholders funds were £20m at end 1985). This year £3m pre-tax is just about possible, putting the shares at 373p on a p/e of 8 (20 per cent tax). Would-be bidders attracted by such a rating will need to persuade the Boot family and friends to accept an offer rather than persist with the new management team. Nonetheless one way of valuing the company would be to add £15m for the housing division (£1¼m should come from this in 1987) to at least £12m from a revalued property investment portfolio (with £8m debt netted off). This comfortably exceeds the present market capitalisation of just under £20m.

Normans buys Joplings

Normans, the discount food-retailing group which also grows tea and coffee in Malawi, plans to expand its activities through the acquisition of Joplings, a department store group, in a deal that values the latter at about £9.8m.

Normans said that the purchase of Joplings would enhance earnings and assets per share.

In the six months to September 27 1986, Normans achieved taxable profits of £1.1m on sales of £48.7m.

Normans also forecast a final dividend for the year to March 1987 of 1.05p.

The purchase of Joplings is to be satisfied by the issue of some 11.8m Normans shares which will represent approximately 23.7 per cent of the enlarged group's share capital. Normans also revealed plans to raise up to £2.5m via a share issue

Stockley approach

Stockley, the property group, said yesterday that it had received an approach about a possible bid for the company. With its shares 8p higher at 125p, Stockley has a market value of £320m.

DIVIDENDS ANNOUNCED

Allied Insurance	§3.5	—	—	3.5	—
Allied London ......int	0.2	—	0.18	—	1.75
Belgrave	nil	—	4.5	1.5	4.5
Henry Boot	7	—	5	10	6
Fobel	1	—	nil	1	0.2
Horace Clarkson	2.75	—	2.75	4.75†	4.75
North Atlantic ......int	1	June 10	1	—	3.4

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third Market stock.

W & D sells Vaux stake and ends speculation

By Mike Smith

Wolverhampton & Dudley Breweries yesterday announced the disposal of its 5 per stake in Vaux Group, ending speculation that it might launch a bid for the hotels and breweries company.

W & D sold the stake to Vaux's broker, Cazenove, which then dispersed the 1.95m shares among various investment institutions. The shares lost 24p to end the day at 535p.

Wolverhampton's move followed Vaux's announcement last week that it was raising £60.5m through a one-for-five rights issue and the issue of debenture stock, mainly to enable it to strengthen the group's hotels division.

Mr Alan Fleckhart, W & D finance director, said Vaux's decision to devote extra resources to hotels would reduce the relative importance of the brewery business. As a result, his company no longer regarded its shareholding as a compatible investment.

The stake, which was acquired in the late summer and early autumn of last year, was sold for a gross profit of £2.5m. W & D did not reveal the average buying price of the shares but on the day it announced it had acquired the stake, at the end of January, the share price shot up 68p to 567p.

Vaux welcomed W & D's withdrawal yesterday but admitted the announcement was unlikely to remove the bid speculation surrounding the company.

Any company which wants to acquire the north east-based group will have to pay a high price, however. Mr Paul Nicholson, company chairman, has repeatedly said that the group wants to remain independent and, if the company makes £21m this year as analysts expect, the shares are likely to be on a p/e ratio of about 16 following the rights issue.

That puts Vaux on a premium to its most comparable rivals but the group is considered more vulnerable to a hostile takeover because of the relatively small number of shares in the hands of the board of directors and associates.

Vaux made taxable profits of £17.52m on sales of £165.3m in the year to the end of last September. Hotels contributed £7.58m.

Tan Sri Khoo ups StanChart holding

Tan Sri Khoo Teck Puat, the Malaysian businessman, has bought an additional 1.5m shares in the Standard Chartered Bank, raising his stake from 6 to 7.24 per cent.

The increase, disclosed by the bank yesterday, follows a sharp rise in Standard's share price in the past few days. On Thursday, the price rose 24p to 832p, and it gained a further 7p in early trading yesterday.

Tan Sri Khoo first bought his stake last summer to aid Standard against the hostile takeover bid from Lloyds Bank. Since then, his personal position has become uncertain with the closure of the National Bank of Brunei of which he is the major shareholder. Thi forced his resignation from the board of Standard Chartered and prompted speculation that he might have to sell his Standard Chartered shares.

Christopher Parkes on the agreed bid for Combined English Stores

Ratners not yet home and dry

ONLY A few weeks ago Mr Gerald Ratner described Combined English Stores as a "rag bag," and spoke of certain of its interests and merchandise as "junk."

He was feeling peeved at the time. His merger approaches had been given short shrift, and his extraordinary progress to the top of the British jewellery retail business had suffered its first setback since he took charge at Ratners in 1984.

He was in a more mellow mood yesterday. Flanked by Mr Murray Gordon, head of CES, he spoke of synergy and understanding as he unveiled his recommended £300m-plus offer for the handbags, jewellery, chemists, fashion and holiday group.

However, while he may have settled his differences with Mr Gordon, the newly-crowned Retailer of the Year is not yet home and dry. He may yet have to contend with the attentions of the Monopolies and Mergers Commission.

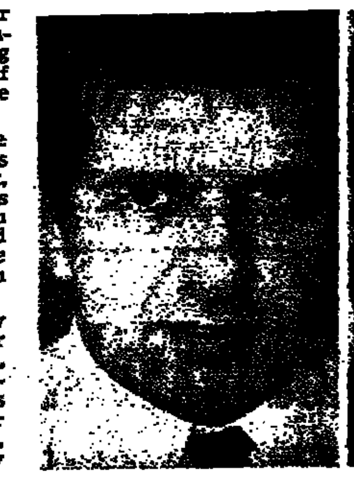
Absorbing CES's 360 Collingwood, J. Weir and Zales jewellery outlets into his existing empire of almost 600 H. Samuel, Ratners, Terry's and Watches of Switzerland outlets, would give the group around 15 per cent of the UK market in traditional jewellers' wares.

However, the picture changes when items such as commemoration mugs, silver-backed hairbrushes and clocks are taken out of the reckoning. Even by Ratners' own reckoning, a merger would give it up to 20 per cent of the pure jewellery business in items such as rings, necklaces and earrings.

Mr Richard Hyman, a director of Verdict Research, and an ardent Ratners-watcher, puts the figure at rather more than 20 per cent. "It is always the same," he said. "In these situations people try to talk their market share down after they have spent the rest of the year talking it up." One competitor in the trade said the deal would give Ratners more than 25 per cent of the business.

By any standards, Mr Ratner has worked wonders with the business since he took charge following a £400,000 loss in 1982-83. Estimates published yesterday for the 43 weeks to the end of January, put pretax profits at about £22.3m, compared with £11.3m for the comparable period in the previous year.

He has also wrought havoc in the staid jewellery trade, with his garish displays of cheap and cheerful adornments, cutting out high-price, slow-moving items, selling on price and fashion, and undercutting almost everyone else in the business.




Gerald Ratner (left) and Murray Gordon, the respective chairmen of Ratners and Combined English stores

As a result, profits in Ratners' outlets last year reached £66 a square foot and are climbing rapidly towards £100 to become, Mr Ratner boasted, the best performing shops in Britain ... "including Dixons."

Jewellery in his book is now as much a commonplace purchase as a blouse or a new pair of fashion tights. Mr Ratner contended yesterday that his price-slashing policy was in the consumers' interests, and a good reason for the merger not to be referred to the Monopolies Commission.

Should the deal go ahead, it would take him within easy striking distance of his often-quoted target of 1,000 jewellery shops.

Mr Ratner had no doubts about the value of Zales, the upmarket arm of CES's operations. "It is an excellent business with good management and it will probably continue to be run independently," he said.

The rest have a down-market air, and Mr Hyman believes home differentiation might be necessary to give the various names a distinctive market position and broaden the group's interests in the jewellery sector. The J. Weir name, already being absorbed into the Collingwood business, is scheduled to disappear under Mr Ratner's plans, which include some assimilation into the H. Samuel network and some closures.

H. Samuel itself has already been brought sharply down market since Ratners took it over last year.

The merger would also launch Ratners into the world beyond jewellery, giving it an especially promising foothold in the accessories trade through Salisbury's 150 luggage, handbag, gift and accessory stores. CES already has plans to expand to 200 outlets. Yesterday Mr Ratner spoke aggressively of getting up to 300 in the next couple of years, starting possibly with the conversion of some of the 60 jewellery outlets earmarked for closure.

The CES Eurocamp holiday business seems to have no place in the Ratners empire, and the Paige fashion shops do not match the group's lively corporate image. Nor do they have the potential to meet its performance criteria. Although Mr Ratner said no part of CES was for sale at this stage, these subsidiaries seem certain to go if the merger is completed, along with the highly profitable Allens dispensing chemists business.

As Mr Ratner pointed out: "If we were to sell, a great part of the £300m could be clawed back."

The only other part of the CES group which seems to have tickled his fancy—"very exciting concept"—is the infant Confetti chain of self-service confectionery shops. With their displays of gold and silver dragees and bright, glittering interiors, they have something in common with the Ratner approach to the jewellery trade.

Whether the young chairman can allow himself the luxury of keeping it on is questionable. Absorption of the CES jewellery business—however good the fit—and cranking performance up to existing group levels will not be easy.

The company admitted yesterday that existing suppliers were already working at full pitch to meet its demands, and that there was no possibility of extracting better terms of trade from them.

The net effect of a setback to Mr Ratner's onward charge—in the event of the Monopolies Commission blocking the merger—would probably be to stiffen his resolve to meet his targets by other routes.

The group has been buying up jewellery shops in ones and twos at the rate of one a week since the turn of the year. The process is slow and likely to be expensive, as the £750,000 paid for one Knightsbridge outlet shows. But it tends to support Mr Ratner's claim when he was first rebuffed by CES in March: "We can do it without them."

SHARES OF TOTAL JEWELLERY MARKET

	1985-86 %	1984-85 %
H. Samuel	8.7	9.0
Ratners	3.4	2.6
Ratners Group	12.1	11.6
Zales	2.3	2.2
Collingwood	1.6	1.4
J. Weir	1.4	1.4
Combined English Stores	5.3	5.0
Mappin & Webb	1.6	1.5
Goldsmiths Group	1.5	1.2
Ernest Jones	1.2	1.2
Other specialist jewellers	46.3	48.2
Total specialist jewellers	68.0	68.7
Argos (Elizabeth Duke)	4.7	5.4
Department and variety stores	9.3	9.3
Mail order	8.0	8.6
Others	8.0	8.0
	100.0	100.0

Source: Verdict Estimates

Mystery surrounds buyer of 4.9% stake in Pearson

BY MARTIN DICKSON AND CHARLES LEADBEATER

MYSTERY yesterday continued to surround the identity of the buyer on Thursday of a 4.9 per cent stake in Pearson, the publishing, banking and industrial group, from Hong Kong's Hutchison Whampoa.

Lord Blakenham, chairman of Pearson, was unable to identify the purchaser when he answered questions yesterday at the company's AGM. But he noted that Hutchison had said the buyer was friendly to the Pearson board and added: "I have no reason to doubt that."

There was some market speculation yesterday that a small part of the Hutchison stake might have gone to a second purchaser.

Meanwhile, the Financial Times, which is owned by Pearson, and print union officials have reached a draft agreement on the details of redundancy payments, which the company expects will lead to 404 voluntary redundancies prior to the transfer of production to a new printing plant in East London.

The agreement came after the company agreed to revise the basis for calculating payments to make it more attractive for staff under 50 to take redundancy.

However, both the company and union officials stressed the redundancy terms would only be finally agreed as part of a package which also covered staffing levels and terms and conditions for working at the new plant.

Union officials said it was too early to say that redundancy terms had been agreed as the full package, which is still under negotiation, would have to be ratified by a vote of the chapels (branches) at the newspaper.

Belgrave loss after write-down

BY TERRY POVEY

Belgrave Holdings, currently the subject of a £35m agreed offer from a private company controlled by its management, yesterday announced pre-tax loss of £782,000 for 1986.

Unusually the property company has taken a £1.98m write-down of the book value of its London hotels as a charge against operating profits. This had the effect of depressing this level of profit from £3.1m to £1.13m (£4.13m in 1985) and of pushing the pre-tax level into the red.

According to the statement issued by Belgrave, acceptances for the 235p-a-share offer from the Rabheru family-owned Empire Investments now total 15.4 per cent. When added to a 29.9 per cent stake purchased from the Jivraj family and a similar-sized holding already owned by the Rabheru's, Empire's stake is now 75.3 per cent.

Belgrave's turnover in 1986 was down from £9.7m at £6.75m, due in part to the disposal last summer of the engineering division (sales of £4.3m in 1985). From the reported operating profit, £1.91m (£2.32m) in interest was paid—producing the pre-tax loss.

After taxes paid of £380,000 (£258,000) and an extraordinary debit of £23,000 (£1.13m), a loss per share of 7.8p (earnings of 10.5p) was reported. Had the write-down been treated as an extraordinary item, Belgrave would have reported earnings per share of 5.45p.

Belgrave has passed its final dividend (an interim payout of 1.5p was made) and has reported a net asset value per share of 158p.

The company said that profits had also been depressed by the charging of a full year's accounting and administration expenses which, it said, had not been the practice in 1985. The 1985 accounts contain a figure of £869,000 for administration expenses as having been charged against operating profits.

Pathfinder from Computer People

BY RICHARD TOMKINS

Computer People, the staff agency which is about to become the first company to come to the stock market through a mini offer for sale, has taken the unusual step of publishing a pathfinder prospectus.

Pathfinders are usually reserved for the biggest stock market flotations such as privatisation issues. Computer People is expected to be capitalised at about £20m.

Mr Trevor Swete of Hill Samuel, the merchant bank sponsoring the flotation, said the pathfinder was aimed at educating institutional investors about the company in the run-up to the publication of the full prospectus on May 15.

Computer People is anxious to avoid being pigeon-holed either with less specialised high street staff agencies, or with computer companies which are sensitive to technological change.

Mr Anthony Lambie, Computer People's marketing director, said: "We benefit from technological change because it means companies need people with new skills."

Computer People is Britain's largest computer staff consultancy. Its pathfinder prospectus shows how pre-tax profits have risen from £196,000 five years ago to £1.73m in the year 1986 and the number of consultants on assignment averaged 700 last year.

Hill Samuel is placing three-quarters of Computer People's equity with institutional investors and offering the remaining quarter in a mini offer for sale.

The flotation will be keenly watched by other City sponsors because it is the first time the method has been used since it was introduced by the Stock Exchange last October.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	171	+1	u2.13	3.6	1.7	22.2
§180	F.P.	15/5	201	189	Airtours10p	200	−1	R5.4	2.5	3.7	14.6
§115	F.P.	20/5	138	128	Bellwinch 10p	133	+3	R3.2	3.7	3.2	11.1
§115	F.P.	8/5	143	133	Brooks Service Group	143	+5	L3.8	2.2	3.5	15.6
§80	F.P.	8/5	183	150	‡Burford Group	183	+3	u1.2	3.2	0.90	47.1
‖ ‖	F.P.	—	423	400	Cator Group 50p	408	.....	t12.0	2.6	4.0	13.0
130	F.P.	8/5	135	129	Cambridge Instru. 5p	130	.....	R0.7	8.8	0.7	14.8
§65	F.P.	—	98	68	‡Cambridge Isotope Ic	85	−11	R20.9	—	0.65	—
§200	F.P.	11/5	226	211	‡Castle Comms. 5p	211	.....	R7.0	2.2	3.1	14.05
115	F.P.	—	120	117	Church (Charles) 5p	117	−2½	R2.75	3.10	3.1	14.2
‖ ‖	F.P.	—	310	293	Coatibel 50p	297	.....	t8.0	1.6	3.7	22.4
§130	F.P.	22/5	153	145	Cooper (Alan) 10p	148	.....	t4.0	2.5	3.6	15.1
§125	F.P.	29/5	153	143	Cosdell Group 10p	148	.....	W3.19	3.1	2.9	15.2
§135	F.P.	—	166	138	Doeflex 10p	165	.....	L3.45	2.50	2.9	19.0
§155	F.P.	15/5	195	170	‡Epwin Group 10p	191	+1	L4.0	2.6	2.8	18.6
§120	F.P.	29/5	181	160	‡Filofax 5p	170	.....	u2.7	2.8	2.1	22.8
§125	F.P.	—	137	128	‡Forward Group 5p	131	−1	u2.2	3.2	0.2	17.7
§112	F.P.	1/5	133	115	‡HoneysuckleGr'p2p	115	.....	R4.1	2.5	4.9	11.2
‖ ‖	F.P.	—	£12½	£11¼	Huntingdon Int. 5p	£12⅛	.....	—	—	—	10.8
§120	F.P.	24/4	211	185	Mallett 5p	190	+2	u3.0	3.1	2.2	20.2
§120	F.P.	29/5	127	123	‡March Group 5p	125	.....	L4.2	2.4	4.5	12.4
§114	F.P.	8/5	127	114	Melville Streetter	123	.....	1.4	1.2	1.5	—
—	—	—	35½	25	Do. Warrants	34½	−½	—	—	—	—
225	F.P.	24/4	342	225	Mercury AssetMgmt.5p	325	+2	R5.0	4.0	2.1	16.2
§106	F.P.	—	120	113	‡Orchid Technology‖	120	+3	R02.57c	5.2	1.4	13.6
§180	F.P.	1/5	198	180	Perpetual 10p	198	+1	u2.5	4.5	1.7	17.0
120	F.P.	26/3	155	127	‡Prism LeisureCorp10p	136	+1	R4.26	2.25	4.3	12.7
§95	F.P.	10/4	102	96	RCO 10p	97	+1	L3.91	2.1	5.5	11.8
§55	F.P.	3/6	84	64	‡RKF Group 10p	84	+7	u2.19	2.4	3.6	14.5
§140	F.P.	1/5	181	165	‡RelianceSecGroup5p	166	.....	b4.5	2.5	3.7	14.9
§135	F.P.	—	193	163	‡Select Appts. 1p	193	.....	L2.5	2.8	1.8	27.6
§125	F.P.	—	165	161	‡UCL Group 5p	161	.....	u2.5	2.8	2.1	22.7
§140	F.P.	15/5	183	171	Waterglade Intl. 5p	181	.....	R3.25	3.5	2.4	14.9
130	F.P.	16/3	146	134½	Wilson Bowden10p	144	.....	L3.4	3.0	3.2	14.1
§120	F.P.	29/4	194	145	‡Wyevale Gdn. Cen. 50p	194	.....	u2.63	2.8	1.8	26.3
§133	F.P.	22/5	148	136	YRM 10p	136	.....	R4.41	3.5	2.3	15.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§98.919	F.P.	29/5	101	93	Asda Prop.10⅞% 1st Mort.Deb. 2011	99	.....
‖	£30	3/6	49	38	DixonsGrpNon-int-brng.Cv.Un.Ln(£1)	42	−½
—	F.P.	—	132p	112p	Heywood Williams Cum. Cnv. Red. Pf	132p	+1
§100.156	£30	13/8	30⅛	30⅛	Land Securities New 10% 1st Mt Db '25	30⅛	.....
—	F.P.	—	100¾	100	Nationwide 9½% Bds. 11/4/88	100⅝	+⅛
—	F.P.	—	101½	100	Do. 3½% I-L Ln 2021	101	.....
—	F.P.	—	100⅛	100⅛	Do. 9⅛% Bds. 3/5/88	100⅛	+⅛
‖	F.P.	30/6	101½pm	99pm	Second Mkt. Inv. 2½% Cnv Uns Ln '94	99pm	.....
§98.819	£20	11/9	24⅜	18⅞	TR City of Lon. Tst. 10¼% Deb 2020	22⅝	+⅛
8.25	Nil	—	90pm	75pm	Tops Est. 'New' 7½% Cnv. Uns. Ln. 2014	90pm	+18
§99.016	£25	29/5	27¼	25⅛	Town Centre Secs. 10⅞% 1st Mort.Deb.2021	27⅛	.....
—	£30	9/10	31¼	30	Trifleet Inv. Tst. 9⅝% Deb 2012	31⅛	.....
§98.09	£25	1/9	26⅛	25⅞	Vaux 9⅝% Deb. 2015	26⅛	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
11	Nil	26/6	10¼pm	8pm	Astra Int'l. 5p	10¼pm	+¾
320	Nil	—	120pm	90pm	Authority Invs. 20p	110pm	.....
130	Nil	—	155pm	153pm	Brent Walker 10p	155pm	+2
170	Nil	—	20pm	3pm	Campari Intl. 20p	16pm	−4
75	Nil	—	40pm	8pm	Ferguson (J) 10p	25pm	.....
80	Nil	29/5	36pm	21pm	Micro Business Systems 5p	35pm	.....
5	Nil	22/5	40pm	23pm	‡New England Props. 5p	26pm	.....
60	Nil	3/6	4½pm	1¼pm	Senior Eng. 10p	3½pm	.....
385	Nil	8/6	95pm	90pm	[illegible]	90pm	.....
470	Nil	—	84pm	67pm	Vaux Group	67pm	.....
150	Nil	10/6	52pm	36pm	Walker (Alfred) 10p	49pm	−17
157	Nil	26/6	32pm	7pm	Weir Group	32pm	+12

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. t Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

APPOINTMENTS

Re-organisation at United Distillers

UNITED DISTILLERS GROUP has made the following appointments in its new central marketing division. Headed by Mr James Espey, deputy managing director, the division will consist of three elements. International product marketing will be controlled by group brands directors Mr Gary Luddington and Mr Terry Grimward. Mr Luddington's team includes senior brand directors Mr Peter Goodchild (Gordon's Gin, Booth's Gin and Cossack Vodka), Mr Paul Neep (Pimm's, Dewar's and Old Parr) and Mr Alan Robson (Black & White, Buchanan's, White Horse, Vat 69, Hine Cognac and "fighting brands"). Mr Grimward will be in charge of senior brand directors Mr David McNair (Johnnie Walker Red Label and Johnnie Walker Black Label), Mr Mike Cellings (Dimple, Haig and Tanqueray Gin) and Mr Philip Robinson (Bell's, Cardhu, Royal Lochnagar and other malt whiskies).

New products is headed by Mr Tom Jago, assisted by Mr Neil Bamford and with technical support from Dr David Woolley and his team at the group's research station at Glenochil in Scotland. The third constituent encompasses marketing information services and specialist support functions. Mr Terry Hanby, research and planning director, will control all market research activities for the division, while Mr Paul Antrobus, as special events director, will be responsible for promotions and sponsorships.

★

Mr Mike Williams has been appointed to the board of HI-TEK DISTRIBUTION as sales and marketing director of Hi-Tek Solutions, a trading division which specialises in business computing systems and products. He was sales and marketing manager.

★

CANTOR FITZGERALD (UK) has named Mr John J. O'Connell as director and manager of Eurobond trading in London.

★

Director level re-structuring has taken place at HADEN TECHNOLOGY and Haden King, in conjunction with the announcement by Mr Richard Taylor, managing director, that he is to concentrate his time developing new business opportunities. Mr Jack Haggett, general manager of Haden Technology, has been appointed managing director of both companies. Mr Taylor remains chairman of both companies, having relinquished his role as part-time managing director. Mr Graham Smith, previously a director of Haden Technology, joins Haden King as marketing director. His principal responsibility will be development into non-automotive industries.

★

MORGAN GRENFELL GROUP has appointed Mr George Law as a vice chairman. He has been group compliance director since 1985.

★

Mr Peter Chester has been appointed industrial and commercial contracts manager, marketing division at BRITISH GAS headquarters. He was marketing operations manager.

★

TEFAL UK has appointed as management services director Mr Francis Thompson, who joins from a background in Burroughs and Thorn-EMI.

★

At WHOLESALE FITTINGS Mr K. A. Polston has been appointed joint managing director. Mr S. M. Rose and Mr R. S. Rose have been appointed to the board.

★

Sir Donald Barron and Mr Harry Taylor have been appointed to the BOARD OF BANKING SUPERVISION from May 1. Sir Peter Graham has resigned from the board in the light of his forthcoming appointment as chairman of Standard Chartered Bank. As a result the number of independent members of the board is increased to six in line with the membership proposed in the Banking Bill.

★

WARD WHITE GROUP has appointed Mr R. Keith Green as president of Whitlock Corporation, the group's US autoparts and accessories retailer acquired following the successful bid for LCP Holdings. He is vice president (stores) of the Memphis-based Auto Shack division of Malone & Hyde Inc.

★

WILTSHIER NORTHERN, Darlington, has appointed Mr Arthur Marshall as contracts director. He was director and general manager of Wiltshier Building Services Durham/Teesside.

★

Mr C. R. Hayles and Mr A. P. Hinds have been appointed directors of ALWEN HOUGH JOHNSON.

★

WATES BUILT HOMES has formed a wholly-owned subsidiary, Wates Built Homes Southern. Mr Bill Gair, managing director of Wates Built Homes, has been appointed chairman, Mr Alan Hollands is managing director, and Mr Alan Cosh, technical director. Mr Bill Addis, sales and marketing manager, becomes sales director.

★

Mr Laurence Cant, managing director of Palmers Scaffolding, Southampton, has been elected president of the NATIONAL ASSOCIATION OF SCAFFOLDING CONTRACTORS for 1987-88. Senior vice-president is Mr Bryan McCann, contracts director of SGB, Mitcham, and junior vice-president is Mr Derek Leaver, contracts director of BET Access, Newbury.

★

Mr R. E. J. Shemings has retired from the board of FREEMANS, and has been succeeded by Mr I. F. Hillan, who will be coming from Coopers & Lybrand where he is an associate director.

★

KINGS TOWN PHOTOCODES has appointed Mr Allen Morley as financial controller. He was executive financial director at Hygena.

★

A & P APPLEDORE GROUP has appointed Mr Donald McLean as group chief executive. He succeeds Mr Anthony Mackesy who will remain deputy chairman.

★

NATIONAL & PROVINCIAL BUILDING SOCIETY chief executive, Mr Ben Thompson-McCausland, and senior general manager Mr Terry Carroll, have become executive directors of the society. Mr Thompson-McCausland took up his post earlier this year and Mr Carroll has been with the society since 1985.

★

Mr Peter H. Purchon, chairman of Stewart Wrightson Management Services, has been elected president of the INSURANCE INSTITUTE OF LONDON. Mr John Lock, general manager and director of The Mercantile and General Reinsurance Company, was elected deputy president. They will hold office from June 1 for one year.

Grampian TV makes changes

GRAMPIAN TELEVISION, the ITV company serving north Scotland, has made management changes, with director of operations Mr Robert Christie appointed to the new post of director of television and financial controller, Mr Graham Good being promoted to company secretary. The changes are part of a management restructuring announced by chief executive designate Mr Donald Waters, who takes over upon the retiral of Mr Alex Mair in November.

★

Mr W. H. K. (Bill) Matthews has been appointed non-executive chairman of SWAN INVESTMENTS, holding company of H.E. precision engineers of Chelmsford, and Essex Tool Supplies. He was a regional director with the Midland Bank.

★

UDO HOLDINGS has appointed Mr Norman Krangel and Mr Norman Mallows as divisional directors.

★

Mr Garry Rayner has joined SCHRODER WAGG'S credit and capital markets division as an assistant director on the swaps team. He was head of swaps at Christiania Bank, London.

★

Ms Anne Grantham has been appointed finance director of REDIFFUSION. She was group financial executive. Mr David Hepworth becomes a director. He is chairman-designate of the subsidiary Rediffusion Radio Systems and will become chairman in July. Rediffusion is a BET electronics company.

★

Mr Arnold T. Delaney has been appointed sales director of CRODA HYDROCARBONS, Knottingley.

★

BARFIELD BANK & TRUST CO, Guernsey, has appointed Mr R. J. Dent, a director of Barings, as chairman following the retirement of Sir Henry Vesey. Sir David Gibbens, chairman of the bank of N. T. Butterfield & Son, has been appointed deputy chairman. Mr A. M. Wilkinson, general manager, has been appointed to the board.

★

Mr Geoff McEnery has been appointed to the board of HILL SAMUEL & CO.

ECONOMIC DIARY

TODAY: Mr David Steel, Liberal leader, addresses Alliance convention, Pitlochry.

MONDAY: Council of Europe Assembly opens, Strasbourg (until May 8). World Health Organisation annual assembly opens, Geneva (until May 16).

TUESDAY: European Community Fisheries Council meets, Brussels. UK official reserves for April. April figures for capital issues and redemptions. South Wales National Union of Mineworkers area annual conference, Porthcawl. Mr Kenneth Baker, Education Secretary, addresses businessmen on new GCSE examinations, Guildford. Congressional hearings on arms sales to Iran begin, Washington.

WEDNESDAY: National Economic Development Council monthly meeting. Overseas travel and tourism figures for January/February. Advance energy statistics for March. South African general election. World Jewish Congress holds first annual meeting in a Communist country, Budapest. Fifth Financial Times manufacturing forum, Hotel Inter-Continental, London W1.

THURSDAY: Detailed analysis of employment, unemployment, earnings, prices and other indicators (May). Housing starts and completions in March. Standard Chartered annual meeting. Local elections in England and Wales. Rolls-Royce privatisation share offer closes. Cannes Film Festival opens (until May 18).

FRIDAY: French Government announces price for privatisation of Cie Generale d'Electricite. Nordic environmental conference, Saltsjobaden, Sweden.

Legal Notice

REPUBLIC OF IRELAND
1984. No. 8758P
THE HIGH COURT
IN THE MATTER OF
IRISH SHIPPING LIMITED
(IN LIQUIDATION)
AND IN THE MATTER OF
THE COMPANIES ACTS, 1963-1983

The Creditors of the above-named Company are required on or before the 30th day of June, 1987 to send their names and addresses and the particulars of their debts or claims and the names and addresses of their Solicitors, if any, to Maurice Tempany of 1st Floor, Bell House, Montague Street, Dublin 2, Ireland, the Official Liquidator of the said Company and if so required by Notice in writing from the Official Liquidator, are to file such Affidavits in proof of claims as they may be advised and to give notice of filing thereof to the Official Liquidator and to attend at such time and place as shall be specified in such notice or, in default thereof, they will be excluded from any distribution made before such debts or claims are proved. Wednesday the 14th day of October, 1987 at 11.00 o'clock in the forenoon at the Examiner's Office, Four Courts, Dublin has been appointed for hearing and adjudicating upon the said debts and claims.

Dated this 28th day of April, 1987.
J. COMERFORD
Examiner of the High Court, Dublin

COMMODITIES AND AGRICULTURE

Ford takes Wall St by surprise

Ford Motor has this week outpaced its rivals with spectacular first-quarter results and news of potential links with Nissan. RODERICK ORAM in New York and IAN RODGER in Tokyo report

FORD MOTOR has left US auto industry analysts scurrying to catch up with its news this week ranging from talks with Nissan of Japan on joint North American production of cars to spectacular first-quarter results which underlined its lead over its Detroit rivals.

The discussions between the two companies, which are number two in their home markets behind General Motors and Toyota, are seen as a natural extension of their strategies and follow a world-wide trend of co-operative ventures to reduce the cost and risks of new model development.

Ford has made huge strides in recent years updating its models and production processes, which arguably are superior for now to Chrysler's and General Motor's. Strong consumer demand and relatively low manufacturing costs are paying off handsomely at Ford's bottom line.

But despite its rapidly growing cash mountain, which stood at $9.5bn at the end of the first quarter, it still feels the need to share the burdens with other makers as they cope with intense competition and overcapacity.

Recently, it announced a co-operation agreement with Volkswagen covering the two companies' extensive operations in Latin America and it tried but failed to join up with Fiat in Europe. The talks with Nissan include co-operation in Australia.

Moreover, Ford will face growing competition at home over the next few years as Chrysler and General Motors introduce new models out of revamped plants which should match Ford's productivity. Despite Ford's progress in recent years, it could still learn some things from Nissan about engineering and manufacturing, analysts believe.

Nissan's US challenge is to expand from its small manufacturing base in Tennessee to offset the damage the soaring yen has done to its imports. Japanese car makers have had to raise prices on their imported US models by about 18 to 20 per cent since September 1985, while Detroit's prices have edged up an average 8 per cent. Hard pressed from its first-ever loss last year on car manufacturing, Nissan would welcome the financial help.

Co-operation talks with Ford are focusing on a model which neither currently produces—most likely in a relatively small up-market niche. The best guess in Detroit and Tokyo is multi-purpose van-shaped cars which are popular, high profit margin replacements for traditional estate cars.

Ford's first-quarter profits, which nearly doubled to $1.49bn or $5.73 a share from year-earlier levels, caught Wall Street on the hop because of far larger than expected productivity gains.

"They were the first chance to see Ford running on all eight cylinders," said Mr Andrew Midler, analyst and manager of Fidelity Investment's automotive mutual fund, which is one of Ford's largest shareholders.

Although Ford's strategy had begun to pay off earlier, previous results had been dragged down by model development and plant modernisation costs. The latest results "show what a US company can do when it gets it right," Mr Midler added.

According to reports in Tokyo, a Nissan-Ford joint venture could be the first step in a long expected large-scale restructuring of the Japanese motor industry. At present, there are a dozen producers, most of which are marginal.

In the past year or so, Toyota Motor, the market leader, has surged ahead of its rivals, taking a 50 per cent share of the home car market in some months. Meanwhile, Nissan's share has sagged to about 26 per cent and the company suffered its first operating loss last year.

The possible Nissan-Ford joint venture is also seen as aimed at enabling the two companies to fare better in the increasingly competitive world markets. Both companies are already having to compete against a joint venture between General Motors and Toyota Motor, the market leaders in the US and Japan respectively.

Reports said that the joint venture would first develop bonnet van-like multipurpose cars, and then build a factory in North America that will produce 200,000 units per year.

Both companies would sell the vehicles through their own sales networks in the US. Nissan would also consider importing them to Japan.

This would be the first US-Japan motor industry tie-up that has begun at the development stage. Previous tie-ups, including those between GM and Isuzu and Ford and Mazda and Chrysler and Mitsubishi Motors, involved share investments by the US partners in the Japanese companies and/or purchases by the US partners of cars from Japan.

A Nissan official in Tokyo said the two companies would spend nine months to a year on a feasibility study for the joint venture, so it would be about three years before a vehicle was produced.

The official said the venture would be limited to what he called multi-purpose vehicles that were partly car and partly commercial vehicle. Both companies felt that the cost of developing these vehicles alone would be excessive, given their sales potential, but developed together, they could be profitable.

He doubted that the venture would have any impact on Ford's relationship with Mazda. The US concern has a 24 per cent stake in the third biggest Japanese car maker. He said that Ford had approached Nissan because Mazda did not have the engineering resources for such a venture.

Nissan also said that Ford and Nissan have authorised their officials in Australia to begin discussions aimed at co-ordinating their operations in that country. The Australian Government is insisting that the number of car makers there be reduced from five, including Nissan and Ford, to three.

Royster sold off by Superfos

BY HILARY BARNES IN COPENHAGEN

SUPERFOS, one of Denmark's biggest industrial companies, yesterday ended its ill-fated venture into the US fertiliser market by selling Royster, the company it bought in 1984, to Cedar Holdings, of Connecticut, a newly established company.

The price was not disclosed, but Superfos said the DKr 375m ($55.5m) write-off made in the 1986 accounts to cover the divestment would not need to be raised.

The Royster purchase took place just as the US fertiliser market collapsed. Superfos paid $110m for Royster and over the past two years took an operating loss totalling about DKr 400m on the Royster business.

The Danish company was so badly shaken by the losses that in December last year it sold a majority holding in its Danish fertiliser business to Kemira, the fast-growing Finnish state-owned chemical company.

Superfos made a net DKr 306m loss in 1986, compared with a loss of DKr 11m in 1985, but expects to return to profit this year following its fertiliser divestment. But its turnover will be down from about DKr 9.5bn last year to DKr 6bn in its remaining agro and industrial divisions.

● F. L. Smidth, the Danish company which is one of the world's leaders in the design and construction of cement mills, announced the dismissal of 200 technical and design staff. It blamed this on the third world debt crisis, which has contributed to a slump in demand for new cement plant.

Smart turnout at Chicago pits opening night

By David Owen in Chicago

A CARNIVAL atmosphere descended on the Chicago Board of Trade's financial futures trading room on Thursday as over 500 brightly-jacketed traders thronged the exchange's Treasury bond and Treasury note pits to participate in the first 6-9 o'clock evening trading session.

The numbers were swelled by a full complement of senior exchange staff, media representatives, and a smattering of oriental gentlemen—looking forward, no doubt, to the imminent easing of restrictions on overseas futures trading by Japanese institutions.

"It's a media exposition," exclaimed one young trader, gazing at the serried ranks of TV cameras on the price recorders' catwalk prior to the opening. "Yeah, I wish I had combed my hair," concurred his companion.

Mr John Gilmore, a cigar-chomping former chairman of the exchange, was there looking as pleased as Punch in his dark blue trader's jacket. So was Mr Tom Donovan, the exchange's debonair, mint-popping president. "So many well-capitalised traders who trade during the day are here," he said contentedly.

The sounding of the bell at 6.00 pm prompt was accompanied by the customary roar of bids and offers—and sporadic applause from onlookers. By 6.02:25, according to the electronic clocks overlooking the scene, bodies were already being flung out of the seething T-bond futures pit, ejected by the crush.

An hour later, trading was already much more sedate. But estimated volume at 24,800 lots was higher than most had anticipated.

"I had high expectations," said Mr Karsten Mahlmann, the exchange chairman, in high spirits. "And they have been exceeded."

The task for officials now is to keep the momentum going when the TV cameras have left. "Wait 90 days," said one trader, Mr Bruce Elbin. "Then we will know."

One encouraging sign was the last-minute rush to purchase $2,000 permits to trade the new session by those with limited membership rights. According to exchange officials, 182 permits have now been sold.

Banks divided over Dome bid

BY BERNARD SIMON IN TORONTO

A SPLIT has emerged among creditors of Dome Petroleum on the best way of protecting their interests during the current struggle for control of the crippled Canadian oil and gas producer.

Several banks indicated yesterday that they were not willing to follow the lead of Bank of Montreal, which has begun legal action aimed at compelling Dome to disclose details of an agreed C$5.1bn (US$3.83bn) takeover bid by Amoco of Chicago.

A motion filed by Bank of Montreal was due to be heard by the Court of Queen's Bench in Edmonton, Alberta, yesterday afternoon. Besides demanding information on the Amoco offer, BMO has also asked for full disclosure of all other bids received by Dome.

TransCanada PipeLines of Toronto and Imperial Oil, Exxon's Canadian subsidiary, earlier submitted proposals which were rejected by the company.

BMO is one of Dome's principal creditors, with outstanding loans of around C$800m out of Dome's total debt of C$6.4bn.

While expressing concern at the lack of information and some aspects of the Amoco bid, other lenders indicated that they are more worried that a protracted lawsuit may distract Dome from efforts to secure its future.

Dome said earlier that it plans to provide details on the Amoco bid by mid-May. Reacting to BMO's move, the company said that all lenders will be given "ample opportunity" to decide whether the Amoco offer is acceptable.

Toronto - Dominion Bank, which is owed over C$700m, said in a statement that initial reports of the Amoco offer point to "insufficient compensation for secured lenders." But the bank has stopped short of taking legal action against Dome.

Du Pont sells HDPE business for $517m

By Our Financial Staff

DU PONT, the largest US chemical group, is to sell its high density polyethylene (HDPE) business and supporting ethylene production for a total of $517m.

The buyer is Cain Chemical, which has been formed by The Sterling Group, an investment banking firm that specialises in leveraged buyouts. The price consists of $427m for the facilities, plus related working capital of about $90m.

Du Pont said Cain will be based in Houston and will comprise seven petrochemical plants in Texas to be purchased from Du Pont and three other companies. Du Pont expects to report a second-quarter gain on the sale, which is expected to close in June.

Bond International plans HK$1.5bn rights issue

BY DAVID DODWELL IN HONG KONG

A LONG-AWAITED HK$1.5bn (US$192m) rights issue for Mr Alan Bond's Hong Kong-based Bond International was unveiled yesterday. Shareholders are being offered five new shares for every two already held at HK$1.80 a share.

The cash raised by the rights issue will be used to repay half of the HK$1.4bn raised in February to pay for Bond International's 27 per cent stake in HK-TVB, Hong Kong's leading broadcasting group.

Bond Corporation, Mr Bond's Australia Master company which owns 66.2 per cent of the shares in Bond International, has said it will take up its rights in full. The balance of the issue has been underwritten by Sun Hung Kai and Indosuez Asia.

Bond International's board is also recommending that the company's authorised share capital be increased by HK$1bn to HK$1.6bn, with the creation of a further 1bn new HK1 shares.

News of the rights issue comes just two days after Mr Bond announced the creation of a joint venture under which Mr Harunori Takahashi of Japan will take a 50 per cent stake in the Bond Centre, a prime commercial development on Hong Kong Island that was acquired by Bond International in February for HK$1.9bn.

Mr Takahashi has made commitments to provide substantial funding for the Bond Centre development.

Consob agrees market reform guidelines

BY JOHN WYLES IN ROME

CONSOB, the regulatory authority for the Italian stock market, has ended months of laborious discussion with agreement on a reform package specifically aimed at enabling Italy to join in the liberalisation of financial markets projected by the EEC.

The Consob's 90-page plan is an example of how the Italian authorities are using the Community's target of a unified internal market by 1992 as a spur for long-needed internal reforms.

However, its implementation could yet be some way off. Lacking in detailed recommendations, the plan is more a set of guidelines which will have to be fleshed out by the Government and then enacted through parliamentary legislation.

Given the impending general election on June 14, this is unlikely to be tabled much before the end of the year. It may then run into delays resulting from special interest lobbying.

In the meantime, Mr Franco Piga, the Consob chairman, who is currently Minister for Industry in Italy's caretaker government, is expected to encourage a start on government drafting of the legislation.

Consob's objective is to introduce an unprecedented degree of regulation into Italian securities trading, with the specific aims of protecting investors and of providing codes of behaviour for, and avoiding conflicts of interest among, market operators.

The plan requires the creation of new firms dedicated solely to equities trading, which is to be concentrated on the stock exchange through electronic trading.

The vexed question of who should control these firms has been answered ultimately in favour of banks and other financial institutions. Until the new regime is introduced, however, "mixed" firms of banks and stockbrokers must be majority-owned by the latter.

Firms owned by banks and credit institutions would be allowed to trade on the stock exchange about three years after the introduction of the new regulations.

Individuals and firms would have to be licensed by Consob to carry out equity and fixed income securities trading, underwriting and placement of securities, investment management and investment counselling.

A single firm would need an individual licence for all four activities. It would have to satisfy capital and liquidity requirements and its staff would have to be of proven honesty.

Consob says that one of its objectives must be to improve the quality of equities prices through a proper auction trading system which absorbs all possible trades into the market. At present, roughly half of trading volume is accounted for by banks in after-hours trading.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986/87 High	1986/87 Low
METALS					
Aluminium					
Free Market c.i.f.	$1360/380	−15	$1300/1320	$1495/1515	$1150/1170
Antimony					
Free Market 99.6%	$2375/2425	−25	$2750/2800	$2720/2780	$2250/2300
Copper-Cash Grade A	£882.5	+12	£931.5	£1028.5	£862.25
3 months Grade A	£853.75	+4.25	£946.5	£1059.25	£849.5
Gold per oz	$454.25	−10.75	$346	$472	$327.5
Lead Cash	£386	+26.5	£240.5	£398.5	£223.5
3 months	£358.5	+11.25	£248	£346.75	£241.25
Nickel					
Free market	198/208c	+10.5	182/202c	196/182c	158/177c
Palladium	$146.50	−2	$111.00	$161.00	$96.25
Platinum per oz	$608.00	−20.5	$423.50	$673.75	$342.50
Quicksilver (76 lbs)	$245/255	−17.5	$220/230	$260/275	$161/12
Silver per oz	476.00p	−78.45	331.05p	653.50p	317.70p
3 months per oz	486.55p	−80.65	338.85p	668.20p	325.60
Tin					
Free market	£4,140/170	−25	†	£5,880/6,250	£3,420/450
Tungsten Ind	$50.94	—	$62.07	$69.74	$41.44
Wolfram (22.04 lb)	$50/55	—	$45/56	$56/63	$32/42
Zinc cash	£476.25	−4.25	£432.75	£632.5	£409
3 months	£470.5	−6	£443.5	£621.75	£419.25
Producers	$790/830	—	$650/700	$920	$650/670
GRAINS					
Barley Futures Sept	£99.55	+0.55	£97.90	£118.80	£96.56
Maize French	£145.00	+1	£143.75	£154.00	£130.00
WHEAT Futures July	£124.10	+0.15	£115.95	£126.50	£98.30
SPICES					
Cloves	$3,400	+100	$4800	$4,850	$3,200
Pepper white	$6,300	−100	$5800	$6,400	$4,600
black	$4,500	−150	$5850	$4,800	$3,600
OILS					
Coconut (Philippines)	$390x	−5	$247.5	$470	$200
Palm Malayan	$322.5v	−10	$246	$405	$197
SEEDS					
Copra (Philippines)	$250u	—	$170	$300	$140
Soyabeans (U.S.)	$145y	+2	$151	$229.5	$133.5
OTHER COMMODITIES					
Cocoa Futures July	£1292.5	−28	£1354	£1,804.5	£1,264.5
Coffee Futures July	£1327.5	−55	£2319	£3,007.5	£1,244
Cotton Outlook A Index	†	—	47.50c	70.00c	36.35c
Gas Oil Fut. June	$148.55	+0.75	$131.25	$252.75	$90.75
Jute LJA BWC grade	$340	+20	$290	$325	$215
Rubber kilo	62.00p	—	56p	68p	54p
Sisal No. 3L	$610	—	$595	$625	$590
Sugar (Raw)	$182.5u	+12.5	$199.5	$222.5	$115
Tea (quality) kilo	†	—	198p	202p	170p
(low med) kilo	62p	—	106p	136p	62p
Wooltops 64s Super	470p kilo	−1	422p kilo	485p kilo	387p kilo

† Unquoted. (g) Madagascar. (v) July. (x) April-May. (u) May-June. (w) June-Aug.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	817-9	−10.5	815/814
3 months	802.5-3	+2.25	803/801

Official closing (am): Cash 814-5 (841-2), three months 801-2 (801-2), settlement 815 (842). Final kerb close: 801-2. Turnover: 32,200 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or −	High/Low
Cash	882-3	−8	884/882.5
3 months	853.4	—	854/850

Official closing (am): Cash 882.5-3.5 (884-5), three months 853.5-4 (849-50), settlement 883.5 (895). Final kerb close: 851.5-2.

Standard			
Cash	845-50	+0.5	850
3 months	837-9	+1	—

Official closing (am): Cash 850-0.5 (844-6), three months 838-42 (839-41), settlement 850.5 (846). US producer prices: 66.25/69.5 cents per lb. Total turnover: 24,700 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	385-7	+1.5	380/381
3 months	338-9	−2.75	340/335

Official closing (am): Cash 380-1 (388-90), three months 336-6.5 (338.5-9), settlement 381 (390). Final kerb close: 335-6. Turnover 11,800 tonnes. US spot: 24/31 cents per lb.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2475-85	+30	—
3 months	2475-80	+15	2485/2470

Official closing (am): Cash 2460-70 (2445-55), three months 2470-5 (2460-3), settlement 2470 (2455). Final kerb close: 2480-5. Turnover: 948 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	476-6.5	−9	477/473
3 months	470-1	−10	481/470

Official closing (am): Cash 473.5-4 (482-3), three months 470-1 (479-9.5), settlement 474 (483). Final kerb close: 470-0.5. Turnover: 5,700 tonnes. US Prime Western: 41/44 cents per lb.

TIN

KUALA LUMPUR TIN MARKET: Close 15.68 (15.67) ringgit per kg. Up 0.1 ringgit per kg.

GOLD

Gold rose $1½ an ounce from Thursday's close in the London bullion market yesterday to finish at $454-454½. The metal opened at $452½-453 and traded between a high of $458-459 and a low of $452-452½. Trading was quiet ahead of the long weekend with investors content to cover short positions ahead of the long weekend.

GOLD BULLION (fine ounce)	May 31	
Close	$454-454½	(£271¾-272¼)
Opening	$452½-453	(£271¾-272¼)
M'n'g fix	$452.15	(£270.830)
Aft'n'n fix	$456.75	(£273.179)

GOLD AND PLATINUM COINS		
Am Eagle	$468-471	(£280½-282¼)
Mapleleaf	$467-470	(£279¾-281¾)
Kr'g'r'nd	$457-460	(£273¾-275¾)
½ Krug	$239-240	(£143¼-143¾)
¼ Krug	$121-122	(£72½-73)
Angel	$465-468	(£278¾-280½)
1/10 Angel	$45¼-50¼	(£27-30)
New Sov.	$107-108	(£64-64¾)
Old Sov.	$107½-109	(£64½-65¼)
$ 20 Eagle	$510-560	(£305½-335¾)
Noble Plat	$619-628	(£370¾-376¼)

SILVER

Silver was fixed 11.7p an ounce lower for spot delivery in the London bullion market yesterday at 476p. US cent equivalents of the fixing levels were: spot 793.5c, down 19c; three-month 807.2c, down 19.4c; six-month 820.85c, down 19.7c; and 12-month 847.85c, down 20.3c. The metal opened at 481-487p (800-810c) and closed at 481-487p (802-812c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	476.00p	−11.7	485p	+15
3 months	486.55p	−12.2	495p	+15
6 months	496.35p	−12.6	—	—
12 months	514.35p	−13.0	—	—

LME—Turnover: 0 (0) lots of 10,000 ounces.
Three months final kerb 490-5p.

INDICES

REUTERS

Apr. 30	Apr. 29	M'th ago	Year ago
1583.1	1576.7	1542.8	1786.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Apr. 30	Apr. 29	M'th ago	Year ago
Spot	123.77	123.78	—	127.30
Fut	125.34	124.26	—	124.65

(Base: December 31 1931=100)

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or −	Business done
June	118.8-119.5	+0.50	119.8-118.0
August	116.5-117.0	+1.00	118.0-116.5
October	116.5-117.0	+0.75	117.5-117.0
Dec	118.0-119.5	+0.55	119.8
Feb	121.5-122.5	−0.45	—
April	123.5-125.8	+1.25	—
June	123.0-124.5	—	—

Sales: 300 (625) lots of 20 tonnes.

COFFEE

Commission house selling produced losses in the morning of £30 reflecting dealer uncertainty following Thursday night's late fall, reports Drexel Burnham Lambert. Afternoon business was similarly nervous with values up and down within a tight range. Profit-taking and book-squaring was seen late in the day.

COFFEE	Yesterday close	+ or −	Business Done
May	1300-1304	−15.5	1325-1290
July	1325-1329	−22.0	1355-1320
Sept	1355-1358	−11.0	1370-1340
Nov	1368-1375	−30.0	1400-1366
Jan	1385-1392	−35.5	1421-1410
Mar	1410-1420	−35.0	1445-1430
May	1430-1450	−45.0	—

Sales: 4,443 (5,877) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for April 30: Comp. daily 1979 111.33 (112.16); 15-day average 106.68 (106.07).

COCOA

With man ycountries celebrating the May holiday futures attracted very limited interest and closed unchanged on the day, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
May	1255-1256	—	1258-1255
July	1292-1293	—	1294-1288
Sept	1308-1310	−1.5	1311-1306
Dec	1333-1334	−3.0	1337-1335
March	1358-1359	−1.0	1360-1357
May	1377-1379	−1.5	1380-1377
July	1397-1398	−2.0	1400-1397

Sales: 1,237 (3,713) lots of 10 tonnes.
ICCO indicator prices (SDRs per tonne). Daily price for May 1: 1601.64 (1583.14); 10-day average for May 4: 1619.36 (1622.90).

POTATOES

After recent heavy falls, and with Bank holiday ahead, May traded quietly with profit-taking keeping values steady, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
May	152.50	151.60	155.00-151.00
Nov	88.30	88.10	88.50-88.00
Feb	98.00	99.50	—
Apr	122.00	122.20	122.50-122.00
May	135.90	136.00	—

Sales: 567 (612) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $182.50 (£109.50), down $3.50 (down £2.50) a tonne for May-June delivery. White sugar $193.50, down $4.00.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
Aug	152.8-153.0	161.0-161.2	162.0-152.8
Oct	158.0-158.2	166.0-166.6	166.8-157.4
Dec	160.0-161.8	169.2-172.0	—
Mar	166.6-166.2	174.0-174.6	174.0-167.6
May	—	179.6-180.8	—
Aug	172.8-173.8	180.6-182.0	—
Oct	175.2-176.2	—	182.8

Sales: 3,225 (5,877) lots of 50 tonnes.
Tate & Lyle delivery price for granulated basis sugar was £214.50 (£216.50) a tonne for export.
International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for April 30: Daily price 7.07 (6.90); 15-day average 6.68 (6.66).

GRAINS

LONDON GRAINS—Wheat: French 11½-12 per cent Apr 143.50. English feed fob May 123.25 buyer, Jun 124.50 sellers, Sep 103.60 buyers, Oct/Dec 107.00/107.50 buyer/seller, Jan/Mar 111.00/111.50 buyer/seller. Maize: US No 3 yellow/French transhipment east coast Mar 145.00. Barley: English feed fob May 113.75 paid east coast, Apr 113.00/114.50 buyer/seller, May 115.00, Aug 101.00, Sep 103.00, Oct/Dec 105.00 sellers.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
May	121.90	+0.25	109.90	−0.20
July	124.10	−0.10	—	—
Sep	101.60	−0.15	99.55	−0.25
Nov	103.90	−0.15	102.10	−0.10
Jan	106.65	−0.15	104.70	−0.10
Mar	109.05	−0.18	106.80	−0.10
May	111.80	−0.05	108.60	−0.10

Business done—Wheat: May 121.90-1.75, July 124.20-4.10, Sept 101.75, Jan and March untraded, May 111.75. Sales: 128 lots of 100 tonnes. Barley: May 109.80, March and May untraded. Sales: 1 lot of 100 tonnes.
HGCA—Locational ex-farm spot prices. Feed Barley: Eastern 112.00, E. Mids 109.10, N. East 111.80. The UK monetary coefficient for the week beginning Monday May 11 (based on HGCA calculations using 2 days' exchange rates)is expected to change to 1.228.

GAS OIL FUTURES

Month	Yestrdy's close US$ per tonne	+ or −	Business Done
May	148.50	+0.75	149.50-48.00
June	148.25	+0.75	149.25-47.50
July	148.50	+1.25	149.25-48.00
Aug	150.25	+1.25	151.00-49.50
Sept	151.75	+1.00	151.75-51.00

Turnover: 1,366 (2,901) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
May	108.00	—	108.00-
June	99.50	+0.50	99.50
July	101.75	+3.00	—

Turnover: 4 (42) lots of 100 tonnes.

FREIGHT FUTURES

The market opened on a firm note with reports of a Soviet purchase of 4m tonnes of wheat for September delivery aiding the bullish tone. Further buying in the afternoon rallied the market to the highs, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	938	938/911	883/887
Oct.	980	980/960	935
Jan.	980	980/955	940/950
Apr.	970/985	—	930/970
July	840	—	750/800
Oct.	850	—	800/850
Jan.	920	—	900
April	970	—	—
BFI.	1036	—	1019

Turnover: 809 (231).

OIL

In an active day's business in the crude market most Brent deals seen were spreads between months. Brent prices firmed around 30c for May, while the outer months firmed by only around 10c. June WTI opened 8c up on Nymex and traded 7c up at 1.30 pm EDT. May day holidays on the Continent kept the petroleum products market very quiet. Naphtha was traded for petrochemical use but other products were quiet—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.66-16.85*	+0.005
Brent Blend	18.55-18.65	+0.275
W.T.I. (1pm est)	18.80-18.85*	+0.16
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	195-199	—
Gas Oil	147-149	+1
Heavy fuel Oil	107-108	—
Naphtha	165-168	—

* June
Petroleum Argus estimates

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.70p per kg lw (−1.79). GB—Sheep 229.46p per kg est dcw (−36.25). GB—Pigs 71.25p per kg lw (−3.30).
FUTURES—Pigs: June 95.50, sales 4. Live cattle: June 97.80, sales 1.

RUBBER

PHYSICALS — Closing prices (buyers): Spot 62.00p (same); June 61.75p (same); July 61.25p (same). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 — (233.0); SMR 20 — (201.5).
FUTURES—Index 584, May 583-585, June 583-586, July/Sept 583-586. Sales: Nil.

US MARKETS

THE HOLIDAY in Europe dampened trading on the precious metals and energy futures, reports Drexel Burnham Lambert. Gold, silver and platinum futures all steadied on mixed buying in markets dominated by locals. Copper rallied as buying in the May position widened the backwardation, but overhead selling prevented any major advance. In a lacklustre session crude oil futures firmed on trade short-covering and outright buying. Cotton steadied on commission house buying but trade selling slowed the rise. Orange juice futures fell on commission house selling. Cocoa, Coffee and sugar futures traded indifferently. Wheat futures steadied on news of the agreed sale of 4m tonnes of wheat to the Soviet Union, but in maize and the soyabean complex speculation selling and pre-weekend book-squaring saw prices ease across the board. Live cattle continued to firm as the futures narrowed their discount to the cash, but in pork bellies and hogs profit-taking coupled with fears of large hog runs next week saw futures prices decline.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
May	66.00	66.00	66.25	66.00
June	64.30	64.30	—	—
July	64.00	64.25	64.25	64.00
Sept	61.80	62.00	62.00	61.80
Dec	61.80	62.00	62.00	62.00
Jan	61.80	62.00	—	—
March	61.80	62.00	—	—
May	61.80	62.00	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
May	1955	1945	1966	1940
July	1996	1977	1999	1977
Sept	2021	2003	2023	2002
Dec	2055	2037	2056	2036
March	2080	2066	2080	2070
May	2105	2091	2102	2102
July	2125	2111	2125	2125

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
May	119.3	120.96	119.40	116.50
July	120.22	120.56	120.80	117.80
Sept	120.72	121.33	121.00	118.90
Dec	121.08	122.57	122.00	120.50
March	122.00	123.50	122.75	12.00
May	122.50	123.01	—	—
July	122.10	124.50	—	—
Sept	123.06	124.25	—	—

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
May	62.80	62.30	63.00	62.40
June	62.55	62.20	—	—
July	62.50	62.15	62.60	62.15
Sept	62.50	62.25	62.85	62.25
Dec	62.80	62.50	62.90	62.60
Jan	62.85	62.65	—	—
March	63.20	62.90	63.35	63.05
May	63.60	63.30	63.60	63.50
July	64.05	63.70	64.00	63.85
Sept	64.45	64.10	—	—

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
May	64.30	64.45	65.10	64.05
July	64.15	64.35	65.00	63.90
Oct	64.00	64.15	64.65	63.85
Dec	63.80	63.91	64.50	63.70
March	64.48	64.43	65.10	64.50
May	65.07	65.23	65.56	65.55
July	65.30	65.56	66.52	66.52

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
June	18.84	18.73	18.90	18.73
July	18.49	18.38	18.52	18.38
August	18.22	18.13	18.27	18.13
Sept	18.05	17.97	18.10	17.98
Oct	17.92	17.86	17.99	17.87
Nov	17.89	17.82	17.92	17.80
Dec	17.79	17.77	17.90	17.79
Jan	17.75	17.73	17.79	17.79

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
June	49.35	48.91	49.70	48.80
July	49.25	48.92	49.60	48.75
August	49.80	49.50	50.15	49.30
Sept	50.50	50.15	50.80	50.20
Oct	51.20	50.80	51.35	50.95
Nov	—	51.50	—	—
Dec	52.00	52.20	52.50	52.00

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
May	457.1	454.1	457.5	455.0
June	459.5	456.5	461.2	455.0
July	462.3	459.2	—	—
August	465.0	461.9	468.5	460.5
Oct	470.5	467.3	471.5	466.5
Dec	476.0	472.7	477.3	471.5
Feb	481.7	478.3	483.0	477.0
April	487.3	483.8	485.5	485.5
June	493.3	489.6	494.0	489.5
Oct	506.6	502.5	505.0	505.0
Dec	513.4	509.1	—	—
Feb	520.3	515.8	—	—

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
May	132.60	132.25	133.00	132.25
July	130.70	130.75	131.20	130.10
Sept	129.00	128.95	129.10	128.30
Nov	125.40	125.15	125.50	125.50
Jan	125.30	125.00	—	—
March	125.30	125.00	—	—
May	125.30	125.00	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
June	609.0	591.7	—	—
July	611.5	594.2	616.0	604.5
Oct	617.8	600.4	622.0	611.5
Jan	624.0	606.9	628.5	618.5
April	631.8	613.4	634.0	630.0
July	638.9	619.9	—	—

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
May	816.7	796.4	822.0	790.0
June	821.0	803.0	823.0	805.0
July	826.0	808.0	830.0	800.0
July	825.0	808.0	830.0	800.0
Sept	836.3	817.8	840.0	808.0
Dec	851.8	832.0	855.0	825.0
Jan	856.3	836.5	—	—
March	866.9	848.4	862.0	841.0
May	878.7	857.9	873.0	860.0
July	891.0	869.9	885.0	880.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
July	6.76	7.31	7.24	6.75
Sept	6.90	7.30	7.30	7.20
Oct	7.06	7.45	7.46	7.04
Jan	7.19	7.59	—	—
March	7.43	7.75	7.77	7.43
May	6.61	7.08	7.32	5.00
July	7.82	8.02	7.99	7.77

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
June	67.35	67.20	67.42	66.87
August	62.77	62.96	62.87	62.25
Oct	62.47	61.86	62.50	61.75
Dec	63.12	62.67	63.20	62.48
Feb	62.65	61.97	62.65	61.87
April	63.20	62.40	63.20	62.70
June	64.15	63.20	64.15	63.15

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
June	53.47	53.47	53.55	52.60
July	50.82	50.75	50.95	50.16
August	47.90	47.90	48.00	47.30
Oct	42.50	42.15	42.55	41.85
Dec	41.87	41.40	41.95	41.30
Feb	41.40	41.00	41.45	40.80
April	38.77	38.45	38.95	38.55
June	41.16	40.95	41.20	40.75
July	41.05	41.05	41.25	41.05

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	Prev	High	Low
May	179.6	179.0	180.0	178.2
July	184.6	184.2	185.0	182.8
Sept	186.0	186.2	185.4	183.6
Dec	187.2	188.6	189.0	186.2
March	194.0	195.2	195.4	193.4
May	196.2	197.4	197.4	196.2
July	197.4	198.4	199.0	197.4

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
May	75.07	75.10	75.60	74.25
July	71.82	72.80	73.10	71.40
August	67.70	68.82	69.00	67.30
Feb	57.97	58.60	58.95	57.90
March	57.30	58.50	58.40	57.30
May	58.30	59.45	—	58.30

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
May	536.2	534.4	537.4	531.2
July	536.6	537.0	540.4	533.4
August	536.2	536.4	540.0	535.0
Sept	532.0	529.2	534.0	528.4
Nov	533.6	533.4	535.0	529.0
Jan	541.6	541.4	542.4	537.4
March	549.4	549.0	550.0	545.4
May	554.0	554.0	555.0	550.0
July	555.0	556.0	556.0	553.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	160.5	160.9	161.5	158.6
July	158.1	159.4	159.4	157.0
August	157.6	159.2	158.7	156.6
Sept	157.5	158.5	158.5	156.8
Oct	157.8	159.5	158.0	157.5
Dec	158.8	160.1	160.2	158.1
Jan	160.4	161.5	161.0	160.0
March	162.5	163.2	162.5	161.5
May	162.5	163.5	163.2	162.5
July	163.0	163.7	163.0	163.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
May	16.34	15.92	16.48	15.95
July	16.73	16.24	16.80	16.29
August	16.87	16.38	16.97	16.45
Sept	17.00	16.55	17.01	16.60
Oct	17.20	16.70	17.25	16.75
Dec	17.50	17.02	17.70	17.05
Jan	17.55	17.07	17.58	17.25
March	17.87	17.40	17.85	17.90

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	Prev	High	Low
May	289.4	289.0	291.0	288.0
July	277.4	274.0	278.0	274.4
Sept	179.4	176.4	180.0	275.4
Dec	285.0	284.0	288.0	282.4
March	285.6	284.6	215.3	283.4
May	276.6	276.0	279.0	279.0

SPOT PRICES—Chicago loose lard 14.00 (13.50) cents per pound. Handy and Harman silver bullion 808.0 (783.0) cents per troy ounce. New York tin 319-22 (318-20) cents per pound.

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Dow shrugs off prime rate rise

STOCKS SHRUGGED off a ¼ per cent prime rate increase to 8 per cent and moved higher. But doubts about the ability of US and Japanese officials to defuse trade tensions and stabilise the dollar drove investors to seek refuge in less risky Blue Chips.

Rebounding from an initial sell-off of about 13 points at the opening, the Dow Jones Industrial Average rallied to 2,297.59 by 1pm, for a net rise of 11.23 on the day and 67.05 on the week. The NYSE All Common index, at $163.20, was up 34 cents on the day and $3.93 on the week.

In the broader market, however, advances and declines were even keel as 119.79m shares changed hands.

"The market is telling us that it well expected the prime rate rise, and that did not seem to bother it much," trader Bill Bee, of Prudential Bache Securities, said.

What is bothering investors, *traders said, is sluggishness in the* Bond market following a statement by the Bank of Japan that it does not plan to cut its discount rate. That could inhibit Japanese buying of US securities. In addition, investors demonstrated that they are not totally convinced that remarks made on Thursday indicating that the US and Japan will try and widen their interest rate gap will be enough to stave off further declines in the dollar.

Automakers led the market for the third straight day. **Ford Motor**, which surprised analysts on Wednesday when it reported first quarter earnings that were far higher than even the most optimistic estimates, led the actives with an advance of $6 to $97. **General Motors** rose 1⅝ to $91⅝ and Chrysler 1⅛ to $39⅝. General Motors announced new sales incentives on Thursday.

Technology issues also maintained their strong pace. **IBM** crossed its 52-week high this morning, rising to $162, but at midday it was up 1⅝ to $161¾. **Digital Equipment** gained 2¼ to $173¾. **Hewlett-Packard** rose $1 to $57.

THE AMERICAN SE Market Value index was up 0.58 to 325.77, for a rise of 7.76 on the week. Trading volume was 7.93m shares.

Closing prices for North America were not available for this edition

CANADA

Stocks turned slightly higher in active midsession trading as nervous investors *favoured Blue Chip* Industrials and Golds in the face of continued uncertainty over the US dollar.

The Toronto Composite index, which was down earlier in reaction to the rise in US bank prime rates, moved up 3.50 to 3720.30.

Banks were generally lower and dominated the active list, with **Toronto Dominion** *off* $⅜ at $28¼ and **Royal Bank** $½ at $34½.

Analysts said banks with big loans to **Dome Petroleum**, up one cent to $1.38, are pushing for better terms under **Amoco Corp's** $5.1bn takeover bid for Dome Petroleum because the current deal would not see them get back all of their money.

Among Blue Chips in demand *were* **Northern Telecom**, *up $1 at* $55¼, **Gulf Canada** $1 at $28½ and **Imasco** $½ at $36⅜.

Texaco Canada rose $⅜ to £33⅝ after its chief executive said the company would be interested in acquiring some Dome Petroleum assets, but not the entire company.

Ford Canada slipped back $2 to $182—it rose $13 in the past two days on news of sharply higher first quarter profit.

TOKYO

Share prices surged in heavy trade on buying prompted by falls in some short-term interest rates here and reiterations of a Japan-US commitment to stabilise exchange rates.

The *Nikkei Dow* Market Average soared a further 406.06 to 23,680.89, just under the day's highest levels. Thursday the average rose 384.97. The combined rises came after a total fall of 1013.88 on Monday and Tuesday.

Advances led declines by a two-to-one margin in a turnover of 1.3bn (886m) shares.

Banks Communications, some other Financials, Insurances, Securities Houses, Airlines, Oils and Railways firmed.

Properties, Warehouses, Pharmaceuticals, Textiles, Minings and Constructions also gained ground.

Brokers said that they expected a cut in Japan's discount rate after Prime Minister Nakasone returns from talks in Washington. Falls in some short-term interest rates yesterday may divert money into stocks, they added.

Buying sentiment was also boosted by the return of institutional investors who sold earlier in the week.

AUSTRALIA

Share markets closed firm in uneventful trading with selected *support for Golds and Oils providing* the highlight.

Continuing the pattern of the last few days, trading was generally lacklustre despite a firmer gold price and higher overnight Wall Street close, as most investors preferred to wait on the sidelines.

At the close of trading the All Ordinaries index was 3.7 higher at *1,753.3 but the All Industrials* index was down 4.0 to 2,500.8.

The All Resources index added 9.5 at 1,183.6 following a 38.6 rise in the Gold index to 3,500.3, while Oil and Gas moved up 43.6 to 916.5.

National turnover 153m shares worth A$341m, with rises outnumbering falls four-to-three.

Brokers said Robert Holmes à Court's statement **Bell Resources** had A$10bn in credit lines available for takeover bids helped push up BHP 14 cents to A$9.04, on speculation that would be his target, though he has said he has no such plans. Bell shares rose 10 cents to A$5.36.

Oil and Gas issues were in strong demand. Leading stock **Santos** made up most of this, gaining 44 cents to A$6.30, while **Oilsearch** and **Peko Oil** gained 20 cents to A$1.50 and $A1.60 respectively. **Hartogen** rose 15 cents to A$3.25.

Ampol Exploration, subject to takeover speculation, added another 40 cents at A$5.60, compared with its week's low of A$4.35.

In the Industrial sector a large parcel of **Lend Lease** shares, off 40 cents at A$13.20, understood to have gone to institutions, accounted for 93m in turnover.

AMSTERDAM

Dutch shares finished very quiet and easier. Activity was limited due to the closure of several European markets

Internationals finished mixed, with **Philips** dropping Fls 1 to Fls 47.50 on foreign selling in reaction to its plan to issue 20m shares, diluting share capital by 9 per cent.

The shares were trading at Fls 49.70 before Wednesday's news, which wiped out the positive impact of the announcement on the same day of a 42.4 per cent rise in first-quarter net profits.

The issue is to be priced on May 14 based on the last share trading price, offered worldwide and traded on the 18 bourses where Philips is present.

KLM eased Fls 0.90 to Fls 41.70, while **Royal Dutch** added Fls 3 at Fls 242.50 and Unilever Fls 1 at Fls 582.50.

HONG KONG

Stock prices closed higher in active trading buoyed by demand for **Cheung Kong** group, up 75 cents to $HK44.75.

The Hang Seng index ended 25.52 higher at 2,685.37, while the broader based Hong Kong index rose 16.70 to 1,728.82.

Cheung Kong said Thursday the group had obtained a $HK1.7bn loan to finance its purchase of 43 per cent of **Husky Oil of Canada**. That news helped drive the Hang Seng index 70 points higher Thursday.

Cheung Kong affiliates **Hutchison** and **HK Electric** were also among the day's most active issues. Hutchison rose $HK1 to $HK51.50 and HK Electric added 20 cents at $HK13.30.

Hutchison Whampoa said it sold its 4.9 per cent stake in Pearson PLC for £62.5m and analysts said it reached profits on both the sale and currency conversions.

CANADA

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

GERMANY

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRALIA

AUSTRALIA (Continued)

HONG KONG

JAPAN

JAPAN (Continued)

SINGAPORE

SOUTH AFRICA

Indices

NEW YORK

DOW JONES

STANDARD AND POOR'S

TRADING ACTIVITY

CANADA

TORONTO

MONTREAL

NEW YORK ACTIVE STOCKS

FOREIGN EXCHANGES

Dollar finishes weaker

THE DOLLAR failed to hold on to overnight gains as traders showed disappointment at the lack of progress made at the meeting between President Reagan and Mr Nakasone, Japan's Prime Minister. The dollar had moved firmer on an announcement that Japanese rates would be reduced and US monetary policy would be a little tougher, thus widening interest rate differentials and a small rise in prime rates to 8 per cent from 7¾ per cent. However, with hindsight, this was not seen as enough to overcome the market's bearish feel towards the dollar since there were no firm moves to tackle the US budget deficit, seen as the principle factor behind the dollar's decline.

The US unit fell to DM 1.7795 from DM 1.7980, having touched a high of DM 1.7920. It was also slightly weaker against the yen at Y140.35 from Y140.60. Elsewhere it slipped to FFr 5.95 from FFr 6.00 and SFr 1.46 from SFr 1.4770. On Bank of England figures, the dollar's exchange rate index fell to 100.2 from 100.5.

Sterling remained firm despite intervention by the Bank of England, notably in support of the D-Mark. The pound's index finished at 73.3 up from 73.2. UK trade figures showed a better current account surplus than had been hoped for and pressure remained strong for another cut in base rates.

The pound closed at $1.6690 from $1.6605 but eased to DM 9750 from DM 2.9850. Elsewhere it rose to Y234.50 from Y233.50 but eased to SFr 2.4375 from SFr 2.4525 and FFr 9.9325 from FFr 9.9625.

£ IN NEW YORK

Apr 30	Latest	Previous Close
£ Spot	1.6675-1.6685	1.6615-1.6625
1 month	0.36-0.35 pm	0.39-0.37 pm
3 months	0.84-0.81 pm	0.89-0.86 pm
12 months	1.90-1.80 pm	2.00-1.90 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 1	Previous
8.30 am	73.2	73.1
[illegible]	[illegible]	[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

May 1	£	$
Kuwait	0.48240-0.48370	0.27100-0.27120
Luxembourg	61.80-61.90	37.00-37.10
Malaysia	4.1330-4.1440	2.4725-2.4775
Mexico	1973.20-1994.45	1181.00-1193.00
N. Zealand	2.8950-2.9025	1.7345-1.7375
Saudi Ar.	6.6780-6.6835	3.7495-3.7505
Singapore	3.5415-3.5550	2.1215-2.1245
S. Af. (Cm)	3.3310-3.3530	1.9960-2.0040
S. Af. (Fn)	5.0590-5.2165	3.0305-3.1250
Taiwan	54.55-54.85	32.90-33.00
U.A.E.	6.5405-6.5460	3.6725-3.6735

*Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

May 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6625-1.6725	1.6685-1.6695	0.35-0.32c pm	2.41	0.80-0.75 pm	1.86
Canada	2.2193-2.2378	2.2340-2.2350	0.29-0.19c pm	1.29	0.38-0.22 pm	0.54
Netherlands	3.35-3.36¼	3.35¼-3.36¼	1⅛-1⅛c pm	4.47	3⅛-3⅛ pm	3.87
Belgium	61.55-61.90	61.80-61.90	17-10c pm	2.62	38-27 pm	2.10
Denmark	11.16¼-11.23¼	11.18½-11.19½	¼-1½ ore dis	−1.21	3-3¼ dis	−1.21
Ireland	1.1100-1.1175	1.1135-1.1145	0.10-0.21 p dis	−1.67	0.20-0.45 dis	−1.17
W. Germany	2.97-2.98¼	2.97-2.98	1⅝-1⅛pf pm	6.05	4½-3¼ pm	5.38
Portugal	230.39-232.41	230.95-231.95	60-140c dis	−5.18	277-409 dis	−5.93
Spain	208.77-210.00	208.80-209.10	127-291c dis	−12.00	386-589 dis	−9.33
Italy	2124¼-2135½	2125½-2126½	1pm-1 lire dis	—	Par-5 dis	−0.47
Norway	11.12¼-11.18¼	11.15-11.16	4¼-5⅛ ore dis	−5.04	14¼-15½ dis	−5.42
France	9.90½-9.96¼	9.92¾-9.93¾	1½-1 c pm	1.51	2⅜-1½ pm	0.78
Sweden	10.37¼-10.45¼	10.44¼-10.45¼	¼pm-¼ ore dis	—	⅛-¼ dis	−0.17
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	5.44
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	4.76
[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	5.33

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Rates ease

INTEREST RATES continued to fall in London yesterday. Encouraging trade figures and sterling's strength continued to put downward pressure on rates with many traders looking for an early cut in bank base rates. Three-month interbank money eased to 9$\frac{7}{16}$-9⅛ per cent from 9⅝-9¼ per cent.

Weekend money traded for much of the time at 9¾-9 per cent and eased to 7 per cent before late balances were taken at 10½

The Bank of England forecast a shortage of around £1bn, later revised to £1.05bn with factors affecting the market including the repayment of any late assistance and bills maturing in official hands together with a take-up of Treasury bills draining £450m and the unwinding of previous sale and repurchase agreements a further £937. Banks brought forward balances £10 below target and there was a rise in the note circulation of £295m. These were partly offset by Exchequer transactions which added £690m. The Bank offered early help which comprised sale and repurchase agreements on £518m of bills

Further help in the morning came to £169m through outright purchases of bills in bands 1 (£75m) and 2 (£94m) at unchanged rates. Assistance in the afternoon came to £294m through bills purchases in bands 1 and 2 at unchanged rates. Total help came to £981m.

FT LONDON INTERBANK FIXING

[illegible]

LONDON MONEY RATES

[illegible]

Gilts steady as equities reach new high

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 8	May 18
May 11	May 28	May 29	Jun 8

* New time dealings may take place from 9.00 am two business days earlier.

The City of London's confidence in the prospects for another cut in British interest rates in the near future remained strong following the latest moves to stabilise the dollar, and the stock market moved to new highs, encouraged by the latest opinion poll surveys of UK political opinion. Bond prices ended a shade off but closed steadily after the increase in US price rates, which was not entirely unexpected in view of the comments overnight from the head of the US Federal Reserve.

On the back of the latest opinion polls, the equity market quickly moved to new peaks. The market closed near the day's best levels, with renewed vigour on Wall Street helping London in the closing minutes. But, in both gilts and equities, there was a general unwillingness to take on new positions ahead of the May Day holiday, which had already shuttered down most of Europe.

The FT-SE 100 index climbed 18 points to 2068.5, comfortably clear of the previous peak of 2056.2 chalked up on March 24. Also at a new peak was the FT Ordinary, 14.9 up at 1626.9.

The strongest feature of equities was the banking sector, as investors responded both to the evident determination to stabilise major world currencies and to the tightening of the economic reins in Brazil, a noted debtor country.

Investors in the major exporting stocks were prepared to take a favourable view of th outlook for currencies, despite some intial doubt as the precise implications of the Japanese pledge on interest rates.

Jaguar, strong seller in the US, moved up sharply on expectations of stronger dollar sales. Against the background of bid moves in the UK communications industry, Reuters attracted US buyers following its annual lunch in London.

Oils continued to find investment interest, with Shell again attracting the British buyers. British Petroleum were also a strong market once again, as the share split encouraged share buyers already responding to general iptimism regarding the group's prospects.

Government bonds closed well, although prices were ⅛ off. The tap stock was sold by the Bank at 30½, and the sector brushed aside the increase in US prime rates. London was helped by firmness in the transatlantic bond market.

FINANCIAL TIMES STOCK INDICES

	May 1	Apr. 30	Apr. 29	Apr. 28	Apr. 27	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	91.96	91.69	91.85	91.56	91.64	92.79	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.37	96.86	96.35	96.62	97.47	96.78	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,626.9	1,612.0	1,608.6	1,589.2	1,565.2	1,382.9	1,626.9 (1/5)	1,320.2 (2/1)	1,626.9 (1/5/87)	49.4 (26/6/40)
Gold Mines	444.4	447.3	439.2	440.1	463.6	252.8	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.53	3.62	3.63	3.66	3.73	3.91				
Earnings Yld.%(full)	8.38	8.33	8.31	8.43	8.58	9.78				
P/E Ratio (net) (*)	14.70	14.82	14.89	14.68	14.42	12.49				
SEAQ Bargains (5 pm)	41,456	39,226	38,629	37,883	38,877	—				
Equity Turnover (£m)	—	1,443.35	1,171.12	1,912.51	1,384.12	566.34				
Equity Bargains	—	45,099	44,943	45,925	50,218	23,800				
Shares Traded (ml)	—	620.1	471.7	558.7	532.1	249.7				

S.E. ACTIVITY

Indices	April 30	April 29
Gilt Edged Bargains	175.1	154.9
Equity Bargains	292.2	291.2
Equity Value	2,917.4	2,367.1
5-Day Average		
Gilt Edged Bargains	159.4	152.1
Equity Bargains	315.5	317.1
Equity Value	3,160.5	3,046.5

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1621.4	1622.9	1627.0	1629.7	1629.9	1624.4	1626.9

Day's High 1630.6. Day's Low 1618.1 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.24.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Beechams were a particularly strong market (some 5.7m shares changed hands) and advanced 25 more to 544p. Buying earlier in the week had been in response to the company's launch of its heart drug Eminase in West Germany, but yesterday's rise was accompanied by talk of a presentation next week by a leading US investment house.

Clearing banks ended the week with a flourish. **Lloyds** led the way with a rise of 20 to 548p and **Midland** gained 16 to 676p. **NatWest** put on 9 to 611p and **Barclays** firmed 5 to 523p. Elsewhere, **Standard Chartered** were quieter, but a further 5 higher making a two-day gain of 29 at 837p following the announcement that Mr Tan Sri Khoo Teck Puat had increased his stake in the bank to 7.24 per cent; Robert Holmes a Court's Bell Group recently increased its stake to 14.9 per cent, the maximum permitted under current Bank of England's guidelines. Merchant Bank **Kleinwort Benson** rose 21 to 494p in response to Press comment and **Hambros** gained 9 to 250p for the same reason. Cheaper money hopes lifted Hire Purchases. **Combined Lease Finance** added 15 at 238p and **First National Finance** put on 6 at 270p.

Still reflecting recent Press speculation that an offer could soon be on the way for **Sun Life** from Liberty Life, the South African conglomerate which holds a near-26 per cent stake in the company, if it is unsuccessful in its attempt to put 3 of its directors—Messrs. Middlemas, Marler and Rapp—on the board of Sun Life at the annual meeting to be held on May 13, SL moved up ⅞ more to £11$\frac{11}{16}$; **TSB**, long rumoured to be interested in Sun Life, hardened a fraction at 84p. Among Composites, **Royals** remained depressed by reports of a broker's profits downgrading and closed 11 off at 874p.

Plastics manufacturer **Doeflex** staged a highly successful market debut; the shares, placed at 135p, opened at 138p and touched 166p prior to closing at 165p. USM-newcomer **Select Appointments**, a recruitment consultant group, advanced strongly from an opening level of 163p to close at 193p which compares with a placing price of 135p.

The Breweries sector was featured by the marked weakness of **Vaux** which dropped 24 to 535p on news that **Wolverhampton and Dudley** has sold its holding of 1.95m ordinary shares and 390,000 new nil paid shares realising a net profit of £2.5m; Wolverhampton shares jumped 10 to a year's high of 335p. **Matthew Brown** moved up another 4 to 572p still boosted by hopes of a bid from **Scottish & Newcastle**, the later hardened 3 to 245p.

The recent cut in interest rates continued to lend support to leading Building issues and demand, although relatively modest, was enough to lift **RMC** 4 further to 855p and **Blue Circle** 6 to 854p. **BPB Industries** rose 8 to 726p and **Rugby Portland Cement** added 2½ to 232½p. Elsewhere, **Costain** regained composure having fallen sharply on the disappointink results and closed 6 better at 519p. **Taylor Woodrow** firmed 6 to 375p. **Walter Lawrence** gained 5 more to 150p reflecting speculative buying, but **Aberdeen Construction** remained a depressed market in the wake of the preliminary figures and shed 21 to 227p, a two-day fall of 43.

Chemicals attracted selective buying interest in the wake of ICI's good first-quarter results announced earlier in the week. **Laporte** firmed 7 to 478p and **Brent** put on 7 to 172p. **Foseco** were 6 higher at 271p.

Speculators in **Combined English** were put out of their misery early yesterday when terms were announced of an agreed bid from **Ratners**. News of the offer, comin only a matter of weeks after Combined had declined a merger invitation from Ratners, left CE 38 up at 360p, after 362p, and **Ratners** 6 higher at 363p. **Woolworth**, which had been mentioned as a possible bidder for CE, closed 11 lower at 832p. Elsewhere in Stores, **Next** found support at 354p, up 8, while news of the group's £150m expansion programme helped **W. H. Smith** move up 7 at 345p. Revived takeover speculation prompted a rise of 8 to 96p in **Ladies Pride**, while **A. Goldberg** added 5 at 146p.

Reports of a cautious circular from Wood Mackenzie depressed **Plessey** which fell 1½ to 224½p. **STC**, recently strong followig a Wood Mackenzie recommendation and the chairman's confident statement at the annual meeting, succumbed to profit-taking and dropped 8 to 287p. **BICC**, rumoured of late to be a possible bidder for Babcock, added 9 at 332p, while **British Telecom** continued to reflect hopes of a Tory victory in an early June election with a fresh gain of 3 to 290p. Elsewhere in Electricals, **Checkpoint Europe** soared 105 to 375p following the surprise bid from Britannia. **BSR** revived with a speculatve improvement of 8 at 119p and gains of 12 and 17 respectively were seen in **Eurotherm**, 428p, and **United Scientific**, 262p. **Telephone Rentals** relinquished 6 to 246p in the absence of the widely-rumoured bid and **Systems Reliability** fell 20 to 195p on further consideration fthe second-half profits downturn.

Interest in the Engineering sector centred mainly on secondary issues, but **Vickers** continued firmly at 504p, up 10. Elsewhere, favourable Press mention stimulated demand for **Clayton Son**, 13 to the good at 233p. **Jones Shipman**, 11 higher at 147p, and **Wagon Industrials**, 9 better at 317p. **Ransomes Sims** firmed 8 to 286p following the annual meeting, while other bright spots included **Camford** 11 up at 146p and **Beauford** 10 dearer at 113p.

Food Manufacturers enjoyed a busy session. **Cadbury Schweppes** hardened 4 to 257p following reports of an analysts' meeting, while **Rowntree Mackintosh** gained 9 to 510p after 515p, reflecting publicity given t a broker's circular. **Northern Foods** inched higher to 294p pending possible acquisition news, while **United Biscuits** added 2 to 288p ahead of next week's AGM. **S. & W. Berisford** put on 4 to 280p on talk of a deal concerning British Sugar with **Tate and Lyle**; the latter, still reflecting the interim results, rose 4 more to 775p. Bucking the trend, **Unigate** came on offer and dipped 5 to 379p.

Food Retailers showed little alteration owing to lack of fresh demand although **ASDA-MFI** edged up 2½ to 160p reflecting suggestions of the possible hiving off of MFI. **Dee Corporation**, still reflecting reports of a recent re-rating, added 2 to 222p, while **Kwik Save** gained 8 to 295p following a squeeze on bear positions. **Bejam** were 1½ dearer at 176p.

Elsewhere, **Acatos and Hutcheson** advanced 15 to 349p in a restricted market, while **Borthwick** firmed 65 to 101p following Press comment.

The Hotel sector showed **Grand Metropolitan** 8 higher at 495p and **Trusthouse Forte** 3 dearer at 249p.

Most leading miscellaneous industrials closed with little alteration. **BOC**, however, featured a gain of 21 at 463p, but the rise was thought to have been prompted largely by technical considerations. **Reckitt and Colman**, believed to have been overlooked of late advanced $\frac{7}{32}$ to £10¼. Elsewhere, **Wardle Storeys** dipped 23 to 473p on the lapsing of their offer for **Chamberlain Phipps** which closed a couple of pence easier at 144p. **Cookson** continued in demand and put on 10 further to 652p, while **Reed International**, still responding to a recent BZW buy recommendation, advanced 12 further to 442p. Good annual results left **James Crean** 30 higher at 535p, but interest faded in **Pearson Group**, 611p, down 13, following confirmation of the sale of Hutchinson Whampoa's near 5 per cent stake. Comment on the interim figures prompted a reaction of 12 to 437p in **Wellcome**, while **Fobel** eased 3½ to 92p despite the recovery in the annual profits. Demand revived for **Blue Arrow**, 15 to the good at 664p, and **Grampian**, 7 better at 321p. **British Aerospace** firmed 10 to 662p on confirmation of aircraft orders from US national carrier Air Wisconsin.

Jaguar, a subdued market of late, returned to prominence on currency influences and rose 18 to 574p. **Dowty** firmed 7 to 273p and **Lucas** gained 13 to 588p.

Delyn Packaging, a good market since announcing preliminary figures earlier in the week, advanced afresh to close 10 dearer at 375p.

Leading Properties made further modest progress in relatively thin trading. Secondary issues displayed several outstanding gains. **Stockley** featured with a rise of 8 at 125p following surprise news of a bid approach. **Rivlin** firmed 7 to 164p on details of an agreed offer for CMD Property, while **Southend Stadium**, still reflecting the good results, gained 15 more to 598p. **Merivale Moore** rose 23 to 363p, in a restricted market and **Country and New Town**, in which British and Commonwealth's stake is up for sale, gained 12 to 174p.

Shippings were noteworthy for a fresh gain of 7 at 627p, in **P & O**, while elsewhere in the sector, **Tiphook** continued to attract buyers and put on 10 more to 380p.

BATs jumped 17 more making a two-day gain of 28 at 519p, after 525p, as investors continued to pay heed to recent Press comment.

Oil and gas shares staged a widespread and sustained advance with buying interest again stimulated by firm crude oil prices and the strength of Wall Street. **BP** remained the outstanding performer in the sector and shot up 7 more to 323p, ex the two-for-one scrip issue, still boosted by the increased oil reserves in the Forties and Magnus fields in the North Sea, two "buy" recommendations from UK brokers, and the likelihood of the company acquiring the 45 per cent minority interest in Standard Oil following its increased offer, turnover in BP topped 12m shares.

Shell rose ¼ to £12⅛ in sympathy with BP and **Royal Dutch** put on a point to £72¼. Interest continued to build up in **Enterprise Oil** which added 3½ to 237p while **Ultramar**, where New Zealand's Ron Brierley is believed to hold around 20 per cent of the shares following his company's acquisition of a dominant stake in Rainbow Corporation, moved up 6 to 227p.

Second-line oils included a host of firm features. **Inoco** jumped 4 to a 1986 high of 56p still responding to the recent deal with London and Suburban Property. **Century Oil** rose 9 to 174p reflecting bid speculation, while **Floyd Oil** edged up 2 to 54p and **Great Western Resources** a like amount to 153p. **Aran Energy** settled 2 up at 46p on confirmation that Irish group Jefferson Smurfit has sold its 5 per cent stake in the company. Rumours of a disappointing drilling report in the offing left **Atlantic Resources** 3 easier at 44p. **Ardmore Oil**, placed at 10p, traded up to 14p. **Jebsens Drilling** were suspended at 15p at the company's request.

The closure of numerous international trading centres for the Labour Day/May Day celebrations left South African sector of mining markets bereft of any substantial interest. Moves designed to boost the ailing dollar, including Japan's stated intention of lowering apanese interest rates and the actions of many leading US banks in increasing prime rates by ¼ of a percentage point to 8 per cent failed to prevent another upturn in bullion which—after slipping to around $452.15 in the morning—moved up to close a net $1.5 higher at $454.25 an ounce.

Gold shares drifted back in very quiet trading and the Gold Mines index lost 2.9 to 444.4—exactly unchanged over the week.

Of the leading issues **Vaal Reefs** ran back £1½ to £81⅞ and "**Amgold**" dipped ¼ to £72. Cheaper priced issues showed **ERGO** 36 down at 520p, **Stilfontein** 17 off at 509p and **Blyvoor** 9 easier at 490p.

Financials did little more than drift lower in idle trading. **Rio Tinto-Zinc**, a strong market earlier in the week, fell 6 to 969p and **Consolidated Gold Fields** dipped 6 to 963p.

With oil and gas stocks capturing the limelight in overnight Sydney and Melbourne markets the Australian mines retreated across a broad front, with the exception of **Peko-Wallsend**, 14 up at 339p.

Traded Options

A moderate week in the traded options market saw 40,664 deals arranged, comprising 31,446 calls and 9,218 puts. **Hansen Trust** revived strongly with 5,620 calls done, while **British Airways** recorded 2,745.

Traditional Options

- First dealings April 13
- Last dealings May 1
- Last declaration July 23
- For Settlement Aug 8

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included **Riley Leisure, Telephone Rentals, Aurora, Inoco, Waterford Glass, Readicut, Control Securities, Glass Glover, J. Webb, Peek Holdings, Bula Resources, Southend Stadium, Child Health Research, Greenwich, Mitchell Cotts, Aaronson, Paul Michael, Laird Group, Benjamin Priest, Bryant Holdings, Eglinton, Briden, London Securities** and **Body Shop. Helical Bar** and **Britoil** were dealt in for the put, while double options were arranged in **British Airways, Blacks Leisure** and **Wellcome.**

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*409)	330	83	93	—	2	4	—
	360	56	67	78	6	9	17
	390	33	45	52	13	18	22
	420	17	27	35	28	33	40
Brit. Airways (*157)	130	28	29	—	3	5	—
	140	19	25	31	5	9	11
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*331)	260	73	82	—	1	3	—
	280	53	65	75	2	5	8
	300	34	50	62	3	10	15
	330	13	27	41	12	23	25
Ladbroke (*439)	373	72	75	—	1	3	—
	403	43	50	67	3	8	14
[illegible]							

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (203)

BRITISH FUNDS (10), LOANS (4), FOREIGN BONDS (1), CANADIANS (1), BANKS (5), BREWERS (7), BUILDINGS (11), CHEMICALS (5), STORES (8), ELECTRICALS (11), ENGINEERING (13), FOODS (5), HOTELS (3), INDUSTRIALS (38), INSURANCE (3), LEISURE (1), MOTORS (2), NEWSPAPERS (2), PAPER (8), PROPERTY (25), SHOES (2), TEXTILES (1), TRUSTS (24), OILS (11), MINES (2).

NEW LOWS (11)

AMERICANS (3) Campbell Soup, Gillette, Loan Star Inds, CHEMICALS (1) Akzo, STORES (1) Gee (Cecil), ENGINEERING (2) Cook (Wm.), Porter Chadburn, INSURANCE (1) NZI Corp., LEISURE (1) Hanimex, PAPER (1) Ogilvy Group, TRUSTS (1) Nth. Scotland Inv.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. △ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

GLC 6¾pc 90-92 £90¼ ½
Birmingham Corp 2½pc 1926 £22 (28/4). 3pc 1932 £28◆. 3½pc 1946 £27 (28/4)
Birmingham DC 11½pc 2012 £114 (28/4)
Bristol (City of) 11½pc 2008 £113½ (28/4)
Croydon Corp 3½pc £27 (28/4)
Leeds Corp 3pcDb 1927 £25 (29/4)
Newcastle-Upon-Tyne (City of) 11½pc 2017 £112¼ (24/4)
Salford Corp 3½pc 86-88 £84
Southwark Corp 12½pc 1987 £100
Sunderland (Borough of) 11½pc 2008 £115½ ¾ (28/4)
Swansea (City of) 13½pc 2006 £130½ (27/4)
Swansea Corp 3½pc £27 (28/4)

UK PUBLIC BOARDS

Agricultural Mortgage Corp 6pcDb 82-87 [illegible]

Albright Wilson 7¼pcDb 1985-90 £84½◆ 8pcDb 1987-92 £92½ (28/4)
Alcan Aluminium £41½
Alexanders Hldgs (10p) 19 (28/4)
Allied Textile Companies 10pcLn 1993 £265◆
Amari 8pcPf (£1) 119 (28/4)
Amber Day Hldgs 10½pcPf 1999-2002 (£1) 182
American Brands ($3.125) $42.5955 42.718 (27/4)
Anglo Nordic Hldgs 10pcLn 1989 £85 (24/4). 10pcLn 1988-92 £93 (28/4)
Appletree Hldgs (10p) 220 4 30 (28/4)
Aquascutum Gp 7½pcPf (£1) 78 (27/4)
Argyll Gp Wts 288 93 (29/4)
Ariel Inds 82 (28/4)
Armitage Shanks Gp 10pcLn 1989-94 £99 (28/4)
ASDA-MFI Gp 9¼pcPf (£1) 128½ (29/4)
Associated British Foods 5½pcLn 1987-2002 (50p) 31½. 7½pcLn 1987-2002 (50p) 39

[illegible]

Sommerville (William) Son 465
Spong Hldgs 7pcPf (£1) 123
Squibb Corpn ($1) £93½
Stag Furniture Hldgs 11pcPf (£1) 131 (29/4)
Staveley Industries 7½pcLn 1986-91 £90 (27/4)
Stavert Zigomala (20p) 465 (24/4)
Stead Simpson 700 45
Steel Brothers Hldgs 9pcLn 1990-95 £89 (29/4)
Stoddard (Hldgs) (10p) 67

[illegible]

(£1) 75 (24/4). 7pcLn 1986-91 £87 8¼ 90
Pearl Grp 6¼pcPrf (£1) 86½

INVESTMENT TRUSTS

Alliance Trst 4¼pcPrf £40½ (29/4). 5pc Prf £48½ (29/4)
Amer Trst 5pcPrf £48½ (29/4)
Anglo-Amer Secs Corp 4½pcPrf £44 (29/4)
Anglo Scot Invest Trst 6½pcDb 1994-89

[illegible]

Shell Transport Trading [illegible] 5½pc1stPf (£1) 51½ 4 5
Texaco Intnl Financial 4¾pc Ln 1981-99 £67 (27/4)
Total-Compagnie Francaise Des Petroles B (FFr50) FFr 496.035 (27/4)

PROPERTY

Allied London Properties 10pcPf (£1) 120◆. 8½pcLn 1999 £240◆ 10

[illegible]

B 4.9pc £67 (24/4). 7pcDb 1990-92 £85 (27/4).
East Worcs Waterwks 3.5pc £48 (29/4). 12½pcDb 1994-96 £117 (24/4)
Eastbourne Waterworks 10½pcDb 1995-97 £103 (24/4)
Essex Water 3.5pc £47◆. 3.5pcPf £41 (27/4). 11¼pcDb 2002-04 £113½ (29/4)
Folkestone District Water 4.9pcPf 1986-88 £96½ (24/4)

[illegible]

Merrett (10p) 410 3 (29/4)
Norton Villiers Triumph (1p) 5½ 6 (28/4)
Rangers FC (£1) £12¼ (24/4)
Seymours 4pcPtPf (£1) 52 (29/4)
Shepherd Neame A (£1) 665

[illegible]

Wattle Gully Gold Mines 10
Westfield Minerals 165 (28/4)
Westfort Petroleum C$0.255 (28/4)
Whitehall Corp £13.53◆
Zanex A$0.35

BANK RETURN

BANKING DEPARTMENT	Wednesday April 29, 1987	Increase (+) or decrease (−) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	87,744,179	+ 532,438
Bankers Deposits	1,083,015,287	+ 146,893,695
Reserve and other Accounts	1,441,270,702	− 177,785,452
	2,626,583,168	− 30,359,319
ASSETS		
Government Securities	490,513,942	+ 65,519,999
Advance and other Accounts	602,808,847	− 225,070,681
Premises Equipment & other Secs	1,522,875,398	+ 124,381,378
Notes	10,161,662	+ 4,803,644
Coin	223,359	+ 6,341
	2,626,583,168	− 30,359,319

ISSUE DEPARTMENT	£	£
LIABILITIES		
Notes in Circulation	12,879,838,338	− 284,803,644
Notes in Banking Department	10,161,662	+ 4,803,644
	12,890,000,000	− 280,000,000
ASSETS		
Government Debt	11,015,000	—
Other Government Securities	7,536,015,235	− 1,924,258,157
Other Securities	5,342,969,665	+ 1,644,258,157
	12,890,000,000	− 280,000,000

MONTHLY AVERAGES OF STOCK INDICES

	April	March	February	January
Financial Times				
Government Securities	90.64	90.33	86.48	85.18
Fixed Interest	96.95	96.16	92.92	91.34
Ordinary	1,554.7	1,596.3	1,529.6	1,392.6
Gold Mines	447.2	362.7	311.7	324.9
SEAQ Bargains (5p.m.)	41,476	52,085	47,407	37,483
F.T.—Actuaries				
Industrial Group	1090.83	1056.64	1002.99	908.47
500 Share	1099.21	1117.67	1054.14	965.82
Financial Group	684.91	686.62	674.77	643.32
All-Share	988.85	1001.00	952.02	879.30
FT-SE 100	1972.0	2,006.7	1,913.0	1,762.8

	April High	April Low
Ordinary	1,612.0(30th)	1,506.1(14th)
All-Share	1,023.58(30th)	960.35(14th)
FT-SE 100	2,050.5(30th)	1,908.9(14th)

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday May 1 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs April 30 Index No.	Wed April 29 Index No.	Tues April 28 Index No.	Year ago (approx.) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (209)	873.11	+0.7	7.48	3.04	16.92	7.02	866.74	862.80	852.61	749.16	880.03	25/3	696.73	2/1	888.03	25/3/87	50.71	13/12/74
2	Building Materials (27)	1090.07	+0.9	7.23	3.04	17.40	6.06	1080.45	1070.92	1069.49	825.60	1090.07	1/5	860.39	5/1	1090.07	1/5/87	44.27	11/12/74
3	Contracting, Construction (32)	1445.02	+0.8	7.36	3.35	18.56	11.30	1434.19	1417.64	1415.02	1228.76	1454.84	11/3	1185.88	2/1	1494.84	11/3/87	71.48	2/12/74
4	Electricals (12)	2145.42	+1.3	6.31	3.68	21.29	31.62	2118.73	2105.83	2078.39	2053.97	2166.42	27/3	1772.22	2/1	2166.42	27/3/87	84.71	25/6/62
5	Electronics (36)	1915.87	−0.7	7.84	2.29	16.78	11.17	1928.82	1933.58	1988.62	1766.59	2013.38	3/3	1543.77	2/1	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (59)	496.23	+1.3	8.38	3.48	15.19	5.25	489.66	480.77	475.51	416.81	496.23	1/5	393.85	2/1	496.23	1/5/87	45.43	5/1/75
8	Metals and Metal Forming (7)	472.46	+0.2	7.87	3.29	15.33	3.58	471.51	474.60	469.93	361.72	475.35	27/3	355.97	2/1	475.35	27/3/87	49.65	6/1/75
9	Motors (15)	336.79	+1.6	8.90	3.16	12.93	2.96	331.56	330.69	326.45	302.48	337.55	2/3	272.03	2/1	337.55	2/3/87	19.91	6/1/75
10	Other Industrial Materials (21)	1502.25	+1.6	6.06	3.29	19.80	15.30	1478.21	1485.49	1444.46	1340.51	1502.25	1/5	1179.19	2/1	1502.25	1/5/87	277.55	15/1/81
21	CONSUMER GROUP (187)	1198.86	+0.6	6.27	2.67	20.50	4.73	1191.32	1185.02	1179.32	929.28	1209.81	24/3	950.87	2/1	1209.81	24/3/87	61.41	13/12/74
22	Brewers and Distillers (22)	1116.26	+1.0	7.65	3.03	16.45	4.89	1104.85	1104.91	1101.88	938.93	1116.26	1/5	938.04	2/1	1116.26	1/5/87	69.47	13/12/74
25	Food Manufacturing (26)	900.93	+0.6	7.81	3.28	16.88	7.32	895.49	892.02	889.05	686.67	908.65	24/3	738.32	2/1	908.65	24/3/87	59.67	11/12/74
26	Food Retailing (16)	2203.40	+0.6	6.02	2.51	22.79	18.56	2190.31	2198.32	2185.27	1924.99	2220.89	24/3	1881.08	2/1	2220.89	24/3/87	54.25	11/12/74
27	Health and Household Products (10)	2244.29	+0.8	4.33	1.73	26.68	2.95	2227.19	2207.06	2181.41	1519.55	2484.02	25/2	1645.70	2/1	2484.02	25/2/87	175.38	28/5/80
29	Leisure (32)	1301.86	+0.2	5.83	3.24	22.75	9.98	1299.14	1289.22	1268.35	914.49	1301.86	1/5	986.35	2/1	1301.86	1/5/87	54.83	9/1/75
31	Packaging & Paper (15)	628.20	+1.7	6.22	2.63	20.95	3.34	617.83	614.01	613.07	473.12	628.20	1/5	491.50	2/1	628.20	1/5/87	43.46	6/1/75
32	Publishing & Printing (14)	3669.86	+1.1	5.78	3.08	22.19	16.79	3630.36	3598.28	3537.84	2445.69	3683.48	18/2	2713.49	2/1	3683.48	18/2/87	55.08	6/1/75
34	Stores (36)	1039.86	+0.1	6.30	2.59	21.58	1.89	1038.19	1029.84	1033.98	916.29	1041.63	10/3	835.17	2/1	1041.63	10/3/87	52.63	6/1/75
35	Textiles (16)	712.77	+1.1	7.57	2.94	15.17	0.59	704.76	707.73	704.92	534.38	720.23	27/3	541.39	2/1	720.23	27/3/87	62.66	11/12/74
40	OTHER GROUPS (87)	1020.57	+1.0	7.89	3.27	15.79	7.47	1009.96	1006.48	994.08	807.83	1020.57	1/5	815.89	5/1	1020.57	1/5/87	58.63	6/1/75
41	Agencies (17)	1411.60	+0.5	4.97	1.74	26.98	8.86	1404.78	1401.86	1395.18	0.0	1455.97	27/3	1111.16	2/1	1455.97	27/3/87	1111.16	2/1/87
42	Chemicals (21)	1260.09	+1.2	7.75	3.43	15.83	17.36	1245.72	1249.35	1231.34	905.62	1315.21	25/2	1002.01	2/1	1315.21	25/2/87	71.20	1/12/74
43	Conglomerates (11)	1295.13	+0.2	6.96	3.27	16.92	4.36	1292.77	1274.14	1257.12	0.0	1312.54	13/3	1112.14	2/1	1312.54	13/3/87	1112.14	2/1/87
45	Shipping and Transport (11)	2060.38	+1.1	7.23	3.85	17.45	23.04	2037.60	2018.50	1980.90	1644.98	2060.38	1/5	1567.77	2/1	2060.38	1/5/87	90.80	29/6/62
47	Telephone Networks (2)	1099.75	+0.8	8.50	3.41	16.03	1.09	1091.39	1098.25	1076.26	923.15	1099.75	1/5	837.15	5/1	1099.75	1/5/87	517.92	30/11/84
48	Miscellaneous (25)	1344.23	+2.3	9.24	3.26	12.27	16.92	1314.01	1294.17	1298.03	1028.44	1387.79	27/3	1101.37	5/1	1387.79	27/3/87	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1079.02	+0.8	7.02	2.93	18.07	6.36	1070.75	1065.83	1056.65	863.06	1079.02	1/5	860.46	2/1	1079.02	1/5/87	59.01	13/12/74
51	Oil & Gas (17)	1930.49	+1.7	5.94	4.79	21.78	36.56	1898.70	1866.28	1851.37	1156.25	1930.49	1/5	1505.69	5/1	1930.49	1/5/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1151.10	+0.9	6.86	3.20	18.53	9.00	1140.81	1133.51	1123.85	890.11	1151.10	1/5	915.61	2/1	1151.10	1/5/87	63.49	13/12/74
61	FINANCIAL GROUP (128)	711.19	+1.0	—	4.88	—	9.27	704.39	702.71	702.00	629.28	711.19	1/5	615.75	2/1	711.19	1/5/87	55.88	13/12/74
62	Banks (8)	763.13	+1.7	18.49	4.89	7.16	14.92	750.59	743.01	746.43	700.70	765.82	18/2	685.07	14/4	765.82	18/2/87	62.44	12/12/74
65	Insurance (Life) (9)	975.42	+0.9	—	4.32	—	19.68	966.93	968.83	952.82	846.43	1007.33	24/3	869.23	2/1	1007.33	24/3/87	44.88	2/1/75
66	Insurance (Composite) (7)	529.38	−0.2	—	4.62	—	5.09	530.70	538.08	543.05	522.74	571.05	2/3	456.52	2/1	571.05	2/3/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1161.50	+0.8	9.22	4.56	14.09	19.02	1152.29	1153.04	1137.54	1263.95	1231.71	16/1	1089.71	14/4	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	368.78	+1.2	—	3.40	—	2.91	364.41	362.77	365.38	364.80	398.44	16/1	345.85	2/1	398.44	16/1/87	31.21	7/1/75
69	Property (47)	1037.47	+1.1	4.43	2.75	29.27	4.00	1026.69	1022.21	1017.91	763.60	1037.47	1/5	805.82	5/1	1037.47	1/5/87	56.01	20/4/65
70	Other Financial (27)	465.07	+0.5	7.10	3.26	17.98	3.04	462.74	460.27	457.90	358.91	473.64	27/3	365.01	2/1	473.64	27/3/87	33.29	17/12/74
71	Investment Trusts (94)	963.13	+0.4	—	2.42	—	5.19	959.49	958.25	956.96	757.26	992.46	27/3	867.57	2/1	992.46	27/3/87	71.12	13/12/74
81	Mining Finance (2)	479.08	−0.7	6.39	3.47	18.39	1.89	482.36	479.97	477.10	291.85	486.82	27/4	341.86	2/1	486.82	27/4/87	66.31	30/9/74
91	Overseas Traders (11)	954.45	+0.8	9.47	4.69	12.74	10.56	947.13	944.50	944.23	672.47	954.45	1/5	778.26	2/1	954.45	1/5/87	97.37	6/1/75
99	ALL-SHARE INDEX (725)	1032.48	+0.9	—	3.31	—	8.74	1023.58	1017.89	1010.75	812.52	1032.48	1/5	835.48	2/1	1032.48	1/5/87	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	April 30	April 29	April 28	April 27	April 24	Year ago	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ◆	2068.5	+18.0	2074.7	2061.7	2050.5	2038.6	2022.1	1986.6	2001.5	1652.5	2068.5	1/5	1370.1	14/1	2068.5	1/5/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 1	Day's change %	Thurs April 30	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.97	+0.23	124.68	—	3.64
2	5-15 years	145.31	+0.17	145.06	—	4.94
3	Over 15 years	155.56	−0.02	155.60	—	4.78
4	Irredeemables	168.02	+0.70	166.85	—	6.07
5	All stocks	141.37	+0.16	141.14	—	4.52
	Index-Linked					
6	5 years	120.47	+0.32	120.09	—	0.83
7	Over 5 years	118.82	+0.21	118.57	—	1.17
8	All stocks	118.76	+0.22	118.50	—	1.13
9	Debentures & Loans	125.63	+0.23	125.35	—	2.95
10	Preference	87.40	−0.23	87.61	—	1.99

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 1	Thurs April 30	Year ago (approx.)	1987 Highs		1987 Lows	
	British Government								
1	Low	5 years	8.01	8.05	7.69	9.78	2/1	7.97	20/3
2	Coupons	15 years	8.74	8.73	8.60	10.08	2/1	8.64	20/3
3		25 years	8.75	8.74	8.61	10.08	2/1	8.64	20/3
4	Medium	5 years	8.75	8.79	8.89	10.80	2/1	8.62	20/3
5	Coupons	15 years	8.93	8.93	8.89	10.39	2/1	8.83	20/3
6		25 years	8.94	8.94	8.89	10.18	2/1	8.84	20/3
7	High	5 years	8.90	8.94	9.01	10.84	2/1	8.78	20/3
8	Coupons	15 years	9.07	9.07	9.01	10.57	2/1	8.97	20/3
9		25 years	8.90	8.92	9.01	10.24	2/1	8.82	20/3
10	Irredeemables†		8.83	8.88	8.57	10.06	2/1	8.71	20/3
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.71	2.78	3.55	3.95	2/1	2.39	24/3
12	Inflat'n rate 5%	Over 5 yrs	3.56	3.57	3.37	3.87	2/1	3.30	6/4
13	Inflat'n rate 10%	5 yrs	2.18	2.24	2.44	2.57	16/4	0.85	24/3
14	Inflat'n rate 10%	Over 5 yrs	3.45	3.45	3.22	3.71	2/1	3.17	27/3
15	Debs &	5 years	9.84	9.83	9.98	11.46	2/1	9.50	23/3
16	Loans	15 years	10.02	10.06	9.91	11.30	2/1	9.79	23/3
17		25 years	10.05	10.09	9.83	11.30	2/1	9.84	23/3
18	Preference†		10.41	10.38	11.04	11.83	2/1	10.38	30/4

◆ Opening index 2064.4; 10 am 2062.9; 11 am 2064.6; Noon 2069.0; 1 pm 2072.4; 2 pm 2073.4; 3 pm 2066.8; 3.30 pm 2068.1; 4 pm 2069.4.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

CONSTITUENT CHANGES: Imperial Continental Gas (51) and Superdrug Store (3) have been deleted. Calor Group (51) and Persimmon (3) have been inserted.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., *in conjunction with* the Institute of Actuaries and the Faculty of Actuaries

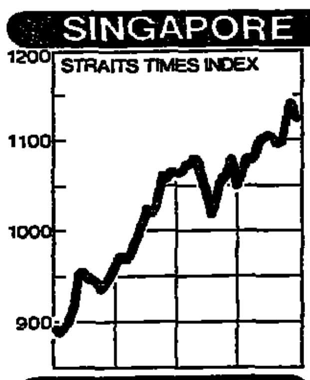
NATIONAL AND REGIONAL MARKETS — THURSDAY APRIL 30 1987 — DOLLAR INDEX

Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	1987 High	1987 Low	Year ago (approx)
Australia (94)	127.32	−1.0	113.68	120.50	2.93	134.48	99.92	94.68
Austria (16)	91.77	+0.7	81.94	85.35	2.17	101.62	91.10	88.53
Belgium (47)	121.00	+0.6	108.04	111.75	4.24	122.35	96.19	80.62
Canada (131)	125.82	+0.4	112.34	121.81	2.35	136.17	100.00	99.17
Denmark (39)	114.50	+0.5	102.23	105.35	2.40	124.10	98.18	104.65
France (122)	119.87	−0.5	107.03	112.82	2.41	121.08	98.39	90.49
West Germany (90)	93.40	−0.8	83.39	87.30	2.14	100.33	84.00	92.41
Hong Kong (45)	101.39	+2.6	90.52	101.57	3.23	114.71	96.89	74.47
Ireland (14)	121.92	+1.7	108.86	115.65	3.68	131.44	99.50	92.45
Italy (76)	110.98	+0.5	99.09	106.67	1.54	111.21	94.76	89.81
Japan (458)	151.70	+1.6	135.45	134.82	0.49	157.78	100.00	72.71
Malaysia (36)	151.61	−1.3	135.36	144.51	2.64	155.25	98.24	67.66
Mexico (14)	175.88	+4.0	157.04	228.07	0.94	175.88	99.72	51.62
Netherland (38)	113.28	−0.2	101.14	104.83	4.23	118.24	99.65	86.28
New Zealand (27)	94.92	−1.3	84.75	86.82	3.13	100.59	83.93	70.68
Norway (24)	134.39	+0.2	119.99	122.17	2.06	139.79	100.00	95.83
Singapore (27)	125.50	+0.1	112.05	122.72	1.92	127.09	99.29	56.21
South Africa (61)	174.25	+3.7	155.58	119.05	3.23	186.74	100.00	93.75
Spain (43)	112.21	−0.1	100.19	106.81	3.57	121.31	100.00	85.40
Sweden (33)	122.58	+0.2	109.44	113.82	2.03	123.51	90.85	87.93
Switzerland (51)	97.24	+0.5	86.82	89.04	1.93	104.06	93.26	84.31
United Kingdom (340)	135.88	+0.6	121.32	121.32	3.41	135.88	99.65	100.92
USA (597)	118.31	+1.3	105.64	118.31	3.05	124.06	100.00	98.74
Europe (933)	117.73	+0.2	105.12	107.94	2.89	117.78	99.78	93.78
Pacific Basin (687)	148.97	+1.5	133.01	133.12	0.64	154.75	100.00	73.46
Euro—Pacific (1620)	136.51	+1.1	121.88	123.08	1.42	140.00	100.00	81.47
North America (728)	118.71	+1.2	105.99	118.52	3.01	124.60	100.00	98.77
World Ex. US (1826)	136.56	+1.1	121.93	126.49	1.47	139.87	100.00	82.20
World Ex. UK (2083)	128.80	+1.2	115.00	121.49	1.89	131.27	100.00	87.53
World Ex. So. Af. (2362)	129.14	+1.1	115.30	121.45	2.02	130.72	100.00	88.63
World Ex. Japan (1965)	118.84	+0.9	106.10	114.80	2.97	121.08	100.00	96.30
The World Index (2423)	129.43	+1.1	115.56	121.46	2.04	131.01	100.00	88.67

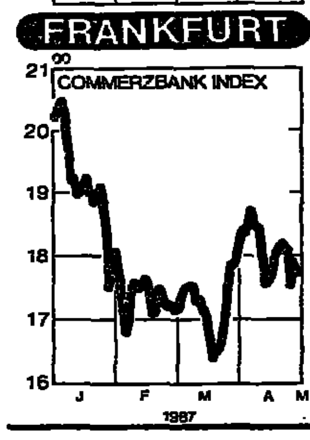
Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

SINGAPORE



FRANKFURT



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$390	24	70	—	—	—	—	$456.90
GOLD C	$400	61	578	9	648	20	74	"
GOLD C	$420	15	37	—	—	—	—	"
GOLD C	$440	81	21	92	38	—	—	"
GOLD C	$460	325	9.90	198	30	7	388	"
GOLD C	$480	51	4.50	83	20B	23	29	"
GOLD C	$500	—	—	6	14.50	33	23B	"
GOLD C	$520	—	—	12	9.90	—	—	"
GOLD P	$420	229	1	11	9A	10	13	"
GOLD P	$440	37	5	108	14.50A	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$750	—	—	10	160B	10	170B	$818
SILVER C	$800	—	—	15	145	16	160B	"
SILVER C	$850	9	70B	26	125	24	150	"
SILVER C	$900	8	45	23	100	5	120	"
SILVER C	$1000	—	—	11	60	—	—	"
SILVER P	$750	32	50	—	—	—	—	"
		May 87		Jun 87		Jul 87		
$/FI C	FI.200	83	3	15	4.50	—	—	FI.201.15
$/FI C	FI.205	10	1.10	18	2	—	—	"
$/FI C	FI.210	—	—	11	1	—	—	"
$/FI P	FI.195	52	0.50	—	—	—	—	"
$/FI P	FI.200	95	1.60A	87	3.70	—	—	"
$/FI P	FI.205	15	5	13	6	—	—	"
		Sep 87		Dec 87		Mar 88		
$/FI C	FI.195	52	9.20A	—	—	8	10	FI.201.15
$/FI C	*FI.200*	13	6A	87	7	15	8.20	"
$/FI C	FI.205	15	4	29	5.10	37	6.10A	"
$/FI C	FI.210	8	2.30	16	3.10	30	4.70	"
$/FI C	FI.215	22	1.50	—	—	4	3.50	"
$/FI C	FI.220	—	—	24	1.80	—	—	"
$/FI C	FI.235	—	—	80	0.70	—	—	"
$/FI P	FI.195	20	3.60	—	—	—	—	"
$/FI P	FI.205	10	8.50	—	—	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	FI.520	129	10.80	18	17.50	—	—	FI.501.50
ABN P	FI.520	18	37	130	43.50	—	—	"
AEGON C	FI.95	53	2.10	19	4.20	—	—	FI.90.80
AEGON P	FI.90	65	4.50B	1	6.70	—	—	"
AHOLD C	FI.110	96	4	—	—	—	—	FI.107.90
AHOLD P	FI.100	139	1.50B	—	—	—	—	"
AKZO C	FI.140	315	2.30	53	5.20	12	7.50	FI.28.50
AKZO P	FI.130	384	5.30	60	6.90	15	8.50	"
AMEV C	FI.65	199	1.70	56	3.20	—	—	FI.61.20
AMEV P	FI.60	25	2.70	—	—	12	5	"
AMRO C	FI.90	32	0.70	3	1.70B	—	—	FI.76.80
AMRO P	FI.90	20	13.50	38	14	—	—	"
ELSEVIER C	*FI.48*	105	4.80	—	—	—	—	FI.51.60
ELSEVIER P	FI.52	5	2.30	20	3.50	—	—	"
GIST-BROC C	FI.45	114	2	11	3.30	—	—	FI.44.70
GIST-BROC P	FI 45	114	3	4	4	100	4.80	"
HEINEKEN C	FI.170	1	12.50	20	14.50	—	—	FI.179
HEINEKEN P	FI.170	21	3	8	5	—	—	"
HOOGOVENS C	FI.35	115	5	—	—	—	—	FI.39.20
HOOGOVENS P	FI.35	252	1.50	16	2.40	—	—	"
KLM C	FI.45	58	1.40	211	2.20	10	3.10B	FI.41.70
KLM P	FI.40	178	1.50	18	3	—	—	"
NED. LLOYD C	FI.150	167	2.50	4	5	10	8	FI.142.50
NED. LLOYD P	FI.150	96	15.60	132	19	6	23.50	"
NAT. NED. C	FI.80	353	0.90	64	2	15	3.20	FI.70
NAT. NED. P	FI.70	151	3.20	97	4.70	2	5.50	"
PHILIPS C	FI.50	978	1.70	562	3.50	43	4.70	FI.47.50
PHILIPS P	FI.55	116	7.70	30	7.60	1004	7.60	"
ROYAL DUTCH C	FI.240	707	7	225	9.30	11	12.50	FI.242.50
ROYAL DUTCH P	FI.240	83	9	1	13.70	—	—	"
UNILEVER C	FI.600	221	15	28	27	1	33.50	FI.582.50
UNILEVER P	FI.560	76	11.50B	4	16.50	—	—	"

TOTAL VOLUME IN CONTRACTS: 27,187

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	9½	● Morgan Grenfell	9½
Adam & Company	9½	Citibank NA	9½	Mct Credit Corp. Ltd.	10
Allied Arab Bk Ltd	9½	Citibank Savings	¶12.45	Nat Bk. of Kuwait	9½
Allied Dunbar & Co.	9½	City Merchants Bank	9½	National Girobank	10
Allied Irish Bank	9½	Clydesdale Bank	9½	Nat Westminster	9½
American Exp. Bk	9½	Comm. Bk. N. East	9½	Northern Bank Ltd	9½
Amro Bank	9½	Consolidated Cred	9½	† Norwich Gen. Trust	9½
Henry Ansbacher	10	★ Co-operative Bank	9½	PK Finans. Intl (UK)	10
ANZ Banking Group	9½	Cyprus Popular Bk	9½	Provincial Trust Ltd	11
Associates Cap Corp	11	Duncan Lawrie	9½	R. Raphael & Sons	9½
Authority & Co Ltd	10	E. T. Trust	11	Roxburghe G'rantee	10½
Banco de Bilbao	9½	Equator'l Tst C'p plc	10	Royal Bk of Scotland	9½
Bank Hapoalim	9½	Exeter Trust Ltd.	10	Royal Trust Bank	9½
Bank Leumi (UK)	9½	Financial & Gen. Sec.	9½	Smith & Williamson Secs	9½
Bank Credit & Comm	10	First Nat. Fin. Corp	10½	Standard Chartered	9½
Bank of Cyprus	9½	First Nat. Sec. Ltd	10½	Trustee Savings Bnk	9½
Bank of Ireland	9½	● Robert Fleming & Co.	9½	UDT Mortgage Exp.	¶11.1
Bank of India	9½	Robert Fraser & Ptrs	10½	United Bk of Kuwait	9½
Bank of Scotland	9½	Grindlays Bank	‡9½	United Mizrahi Bank	9½
Banque Belge Ltd	9½	● Guinness Mahon	9½	Unity Trust PLC	9½
Barclays Bank	9½	HFC Trust & Savings	9½	Westpac B'nking Corp	9½
Benchmark Tst Ltd	9½	● Hambro Bank	9½	Whiteaway Laidlaw	10
Beneficial Trust Ltd	11	Heritable & Gen. Tst.	9½	Yorkshire Bank	9½
Berliner Bank AG	9½	● Hill Samuel	§9½		
Brit Bk of Mid East	9½	C. Hoare & Co	9½		
● Brown Shipley	9½	Hongkong & Shangh'	9½		
Business M'rtg'ge Tst	10	Lloyds Bank	9½		
CL Bank Nederland	9½	Mase Westpac Ltd	9½		
Canada Permanent	9½	Meghraj & Sons Ltd	9½		
Cayzer Ltd	9½	Midland Bank	9½		

● Members of the Accepting Houses Committee. ★ 7-day deposits 4.65%. Savewise 7.64%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¼% gross. ¶ Mortgage base rate. § Demand deposit 4.65%. Mortgage 11.25%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	5,700	160	+2½	Jaguar	3,700	574	+18
Allied Lyons	599	409	+3	Ladbroke	5,400	439	+1
Amstrad	2,800	202	−1	Land Securities	2,700	440	+5
Assoc. Brit. Foods	972	355	−3	Legal & Gen.	1,200	281	+2
Argyll Group	782	424	—	Lloyds Bank	2,200	548	+20
BAT	3,800	521	+19	Lonrho	366	266½	+½
BET	2,100	247	+1	MEPC	600	427	+4
BOC	2,200	463	+21	Marks & Spncr	5,200	232	—
BPB Inds	130	726	+8	Midland Bank	1,400	676	+16
BPCC	1,500	317	+1	NatWest Bank	1,200	611	+9
BTR	2,600	329	+7	Next	1,000	354	+8
Barclays	855	523	+5	Pearson	1,500	611	−13
Bass	1,200	947	+7	P & O	1,400	627	+7
Beecham	5,700	544	+25	Pilkington Bros	476	843	+8
Blue Circle	519	854	+6	Plessey	7,700	224½	−11½
Boots	1,900	297	—	Prudential	842	875	+7
Brit. Airways	8,600	158	+5	Racal	4,500	229	—
Brit. Aero	1,200	662	+10	Rank Org	382	716	−8
Brit. & Comm.	144	447	−1	RHM	243	306	—
Brit. Gas	26,000	99½	+1½	Reckitt & Col	249	£10⅛	+⅛
Britoil	2,500	243	−3	Redland	2,500	472	+11
BP	12,000	323	+7	Reed Intl	940	442	+12
Brit. Telecom	10,000	290	+3	Reuters	833	669	+10
Bunzl	2,000	235	+7	RMC	265	857	+6
Burton	4,900	317	−2	RTZ	1,000	968	−7
Cable & Wire	3,200	354	−2	Rowntree Mac	1,800	510	+9
Cadbury Schwps	5,200	257	+4	Ryl Bank Scotland	489	334	+5
Coats Viyella	787	598	+10	Royal Insurance	871	874	−11
Comm. Union	3,000	319	+4½	STC	7,600	287	−8
Cons. Gold	39.3	963	−6	Saatchi & Saatchi	1,500	637	−11
Cookson	478	652	+10	Sainsbury	616	511	+2
Courtaulds	1,000	441	+3	Sears	5,900	143½	−½
Dee Corpn	1,900	222	+2	Sedgwick	816	312	+4
Dixons Grp	2,000	387	—	Shell Trans	5,300	£12⅛	+¼
English China Clays	333	423	+3	Smith & Nephew	3,000	163½	+5
Fisons	1,100	652	+5	Standard Chart	278	837	+5
Gen. Accident	561	934	−1	Storehouse	668	297	−2
Gen. Elect	9,500	199½	+½	Sun Alliance	891	845	−7
Glaxo	465	£14⅜	—	TSB	5,400	84	+½
Globe Investment	1,300	158	+2	Tarmac	1,200	519	+1
Granada	2,700	326½	—	Tesco	1,400	497	—
Grand Met	2,800	495	+9	Thorn EMI	567	685	−5
GUS "A"	141	£13⅛	−⅛	Trafalgar House	3,700	349	—
Guardian R.E.	180	895	+1	T'house Forte	1,300	249	+3
GKN	2,400	330	−1	Unigate	1,500	379	−5
Guinness	6,300	330	+4	Unilever	245	£27	+⅛
Hanson Trust	12,000	166½	+1	United Biscuits	2,000	288	+2
Hawker Sidd	1,400	533	+2	Wellcome	2,500	437	−12
Hillsdown Hlgs	423	262	+1	Whitbread "A"	2,200	347	+2
ICI	1,000	£13½	+⅛	Woolworth	1,100	832	+11

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday April 30 1987

Gold Mines Index	+50.00	Mechanical Engineering	+24.33
Mining Finance	+40.63	Stores	+24.31
Health and Household Products	+35.04	Chemicals	+23.47
Packaging and Paper	+33.79	Other Groups	+23.01
Metals and Metal Forming	+32.46	All-Share Index	+22.51
Leisure	+31.71	Motors	+21.75
Textiles	+30.18	Food Manufacturing	+21.99
Shipping and Transport	+29.71	Overseas Traders	+21.09
Telephone Networks	+27.81	Contracting, Construction	+20.94
Property	+27.27	Electricals	+19.55
Oils and Gas	+26.63	Brewers and Distillers	+17.78
Agencies	+26.09	Food Retailing	+16.44
Publishing and Printing	+25.70	Insurance (Composite)	+16.25
Other Industrial Materials	+25.32	Conglomerates	+16.04
Consumer Group	+25.29	Financial Group	+14.40
Building Materials	+24.99	Insurance (Life)	+11.24
Electronics	+24.94	Investment Trusts	+10.28
500 Share Index	+24.60	Banks	+ 8.59
Industrial Group	+24.44	Merchant Banks	+ 5.37
Capital Goods	+24.40	Insurance Brokers	+ 2.36

RISES AND FALLS ON THE WEEK

	On Thursday Rises	On Thursday Falls	On Thursday Same	On the week Rises	On the week Falls	On the week Same
British Funds	81	20	12	331	174	60
Corporations, Dom. and Foreign Bonds	34	3	30	104	56	175
Industrials	588	310	651	2,931	1,737	3,077
Financial and Props.	236	89	265	1,049	638	1,263
Oils	41	27	43	178	133	244
Plantations	1	1	12	6	12	52
Mines	33	57	93	271	290	354
Others	115	38	76	386	394	348
Totals	1,129	545	1,182	5,256	3,434	5,573

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-423 8211

High Inc	282.1	300.1	+3.9	4.80
(Accum Units)	348.9	371.1	+4.7	4.80
UK Growth	351.7	374.3	+2.5	2.43
(Accum Units)	373.6	397.4	+2.8	2.43

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst	41.6	44.5	+0.4	1.69
MLA Income Trust	[illegible]	[illegible]	+0.3	3.62
MLA Int	61.3	64.9	+0.5	0.81
MLA Gilt Unit Tst	25.6	26.5	—	9.81
MLA European Trust	34.9	36.6	—	0.67
MLA American Tst	26.6	28.1	—	0.88
MLA Emerging Mkts. Tst	23.9	25.5	—	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int	122.2	126.5	—	6.92
Growth Units	101.3	107.6	—	2.53
High Income Unit	142.7	151.6	—	3.90
High Yielding Gilt Uts	61.2	63.4	—	8.52
Intl Growth Unit Tst	151.6	161.1	—	0.39
UK Smaller Cos.	113.0	120.1	—	1.55
North American	79.1	84.1	—	0.36
Far East	135.4	143.9	—	0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income April 13	313.0	333.0	+18.1	9.35
General April 13	249.8	261.5	+14.9	1.87
International April 13	147.6	157.1	-7.8	0.47
Global Int Fd April 13	48.0	51.1	-8.6	5.19

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.
Pensions Funds

American (Cap)	305.5	320.9	+4.2	—
American (Acc)	425.8	447.2	+5.9	—
Building Soc (Cap)	94.2	99.0	+0.1	—
Building Soc (Acc)	131.2	137.9		—
Deposit (Cap)	154.3	162.1		—
Deposit (Acc)	215.0	225.9		—
European (Cap)	139.8	146.9	-0.4	—
European (Acc)	194.9	204.7	-0.5	—
Equity (Cap)	405.0	426.0	+2.5	—
Equity (Acc)	564.9	593.2	+3.6	—
Gilt (Cap)	248.6	261.1	-0.3	—
Gilt (Acc)	346.4	363.8	-0.4	—
Gold (Cap)	110.5	116.1	+1.2	—
Gold (Acc)	154.0	161.8	+1.7	—
Index-Linked (Cap)	93.1	97.8		—
Index-Lnkd Gilt (Acc)	129.7	136.3		—
International (Cap)	107.9	113.4	+0.8	—
International (Acc)	150.4	158.0	+1.1	—
Intnl Inc (Cap)	104.1	109.4	+1.3	—
Intl Inc (Acc)	145.0	152.4	+1.8	—
Japan (Cap)	143.5	150.7	+1.2	—
Japan (Acc)	199.9	210.0	+1.7	—
Managed (Cap)	312.2	327.9	+1.7	—
Managed (Acc)	435.1	457.0	+2.5	—
PPP Fund (Cap)	298.0	313.0	+2.5	—
PPP Fund (Acc)	415.6	436.0	+3.5	—
Pacific (Cap)	253.9	266.7	+2.0	—
Pacific (Acc)	353.9	371.7	+2.9	—
Property (Cap)	132.1	138.9		—
Property (Acc)	184.2	193.5		—
Recovery (Cap)	197.8	207.8	+1.9	—
Recovery (Acc)	275.7	289.6	+2.7	—
UK Income (Cap)	112.8	118.5	+1.4	—
UK Income (Acc)	157.2	165.1	+1.9	—
Personal Pension (Acc)	1665.2	1665.2	+13.2	

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	218.5	230.1	+1.5	—
Do. Accum	244.4	257.3	+1.7	—
Special Situations	199.5	210.1	+0.7	—
Do. Accum	223.0	234.8	+0.7	—
North American	173.9	183.1	+0.7	—
Do. Accum	194.4	204.7	+0.9	—
Pacific Basin	312.3	328.8	+2.2	—
Do. Accum	349.2	367.6	+2.5	—
Fixed Interest	217.0	228.5	+1.1	—
Do. Accum	242.7	255.5	+1.1	—
Property	117.6	123.8		—
Do. Accum	131.5	138.5		—
Deposit	112.6	118.6		—
Do. Accum	125.6	132.3		—
Managed	206.2	217.1	+1.0	—
Do. Accum	232.0	244.3	+1.2	—

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	187.0	196.9		—
Managed Prospect Fund	146.4	154.2		—
UK Equity Fd	221.0	232.7		—
Fixed Interest	152.2	160.3		—
Pacific	181.4	191.0		—
North American	114.3	120.4		—
Pens. Managed	219.2	230.8		—
Pens. UK Equity	262.7	276.6		—
Pens. Overseas Equity	284.0	299.0		—
Pens. Property	117.2	123.4		—
Pens. Fixed Interest	160.7	169.2		—
Pens. Index Linked	119.8	126.2		—
Pens. Deposit	143.1	150.7		—
P.R.P. UK Equity	113.6	119.6		—
P.R.P. Overseas Equity	100.5	105.8		—
P.R.P. Fixed Interest	108.6	114.4		—
P.R.P. Property	96.4	101.5		—
P.R.P. Index Linked	107.7	113.4		—
P.R.P. Deposit	98.2	103.4		—
P.R.P. Managed	109.2	115.0		—
P.R.P. With Profits	98.6	103.8		—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	135.17	142.28	+2.90	—
Guaranteed Deposit	118.04	124.25	+0.18	—
Managed	148.12	155.91	+2.23	—
Property	135.42	142.54	+3.38	—
UK Equities	181.95	195.52	+5.48	—
Pens Fixed Interest	126.92	133.59	+2.73	—
Pens Grtd Deposit	118.75	124.99	+0.25	—
Pens International	192.18	202.29	-3.61	—
Pens Managed	158.26	168.58	+3.91	—
Pens Property	150.85	158.38	+5.17	—
Pens UK Equities	160.35	168.78	+6.65	—
International	176.33	185.61	-3.31	—
Nth American Fund	145.42	153.07		—
Far East Pacific Fd	163.27	172.28		—
Japan Fund	244.20	257.05		—
European Fund	200.66	211.23		—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	289.8	305.1	+1.2	—
UK Equity	374.5	394.3	+1.9	—
Overseas Eq.	279.3	294.0	+1.1	—
American	231.2	243.4	+2.4	—
Far East	327.0	344.3	+1.0	—
Property	134.9	142.0	+0.1	—
Fixed Int.	212.0	223.2	+0.7	—
Indexed Gilt	117.9	124.2	+0.4	—
Deposit	132.6	139.6	+0.1	—

Pension Fund Prices

Man. Initial	304.8	320.9	+1.6	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100[illegible]	99[illegible]	Funding 6½pc 85-87	99[illegible]	.....	—	—
100[illegible]	99[illegible]	Treas. 10pc 1987	100[illegible]	.....	10.00	9.45
99[illegible]	97[illegible]	Treas 3pc 1987	99[illegible]	.....	3.02	7.13
101[illegible]	100[illegible]	Treas. 12pc 1987	102[illegible]	+[illegible]	12.81	8.50
99[illegible]	97[illegible]	Treas 7¾pc 1985-88‡‡	99[illegible]	+[illegible]	7.79	8.44
101[illegible]	99[illegible]	Exch 10½pc '88	103[illegible]	+¼	10.31	8.51
101[illegible]	98[illegible]	Treas 9¾pc Cv '88	101[illegible]	+[illegible]	9.64	8.58
96[illegible]	93[illegible]	Transport 3pc '78-88	96[illegible]	+[illegible]	3.12	6.50
101[illegible]	98[illegible]	Treas. 9½pc '88	101[illegible]	+[illegible]	9.39	8.59
104[illegible]	101[illegible]	Treas 11½pc 1989	104[illegible]	+¼	10.99	8.64
101[illegible]	97[illegible]	Treas 9½pc Cnv 1989	101[illegible]	+[illegible]	9.36	8.63
93[illegible]	89¾	Treas 3pc 1989	93[illegible]	+[illegible]	3.21	6.43
103[illegible]	99[illegible]	Treas 10½pc 1989	103[illegible]	+¼	10.16	8.71
102[illegible]	98½	Exch.10pc 1989	102[illegible]	+[illegible]	9.74	8.68
105[illegible]	100[illegible]	Exch 11pc 1989	104[illegible]	+[illegible]	10.49	8.68
94[illegible]	89[illegible]	Treas 5pc 1986-89	94[illegible]	+[illegible]	5.27	7.35
107[illegible]	100[illegible]	Exch 10¼pcCv '89	106[illegible]	+[illegible]	9.64	7.42
110[illegible]	105[illegible]	Treas 13pc 1990‡‡	110[illegible]	+[illegible]	11.79	8.65
105[illegible]	100[illegible]	Exch 11pc 1990‡‡	105[illegible]	+[illegible]	10.42	8.68
109[illegible]	104[illegible]	Exch. 12½pc 1990	109[illegible]	+[illegible]	11.42	8.70
90[illegible]	84½	Treas. 3pc 1990	90¼	+[illegible]	3.32	6.57
99[illegible]	93[illegible]	Treas 8¼pc 1987-90‡‡	99[illegible]	+[illegible]	8.31	8.53
104	97½	Treas. 10pcCv 1990	103[illegible]	+[illegible]	9.64	8.72
87[illegible]	81[illegible]	Exch 2½pc 1990	87[illegible]	+[illegible]	2.85	6.40
109[illegible]	103¾	Treas 11¾pc 1991	109[illegible]	+¼	10.76	8.77
93[illegible]	87¼	Funding 5¾pc '87-91‡‡	93[illegible]	+[illegible]	6.14	7.64
87	80¼	Treas. 3pc 1991	87	+[illegible]	3.45	6.76
109[illegible]	100[illegible]	Treas 10pc Cv '91 ‡‡	108[illegible]	+[illegible]	9.22	7.59
108[illegible]	101[illegible]	Exch. 11pc 1991	108[illegible]	+¼	10.17	8.75

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30⅞	24⅝	Sara Lee $1	25¼xd	+⅛	$2.00	—	4.9
11⅛	10⅛	Saul (B. F.) $1	10⅛		20c	—	1.2
79	62⅞	Southwestern Bell $1	64½	+1⅞	$6.96	—	6.6
17⅞	15¼	Staley Continental	15¾	+¼	80c	—	3.1
44⅞	36¼	Sun Co. Inc. $1	36⅝xd	+¼	$3.00	—	5.0
74	60⅛	TRW Inc. $1¼	62⅝xd	+⅛	$3.20	—	3.1
31	26¼	Tenneco $5	27⅛	−⅛	$3.04	—	6.9
187½	152½	Do. 10pcLn.Stk. 91-6	177½xd		10%	—	5.7
26¼	17⅝	Texaco $6.25	20⅜xd	+⅛	$3.00	—	9.0
57¼	47⅛	Time Inc. $1	52½	+⅛	$1.00	—	1.2
14½	12	Tracor $0.33	12½	+⅛	36c	—	1.8
24⅝	19⅞	Transamerica $1	20⅛xd	+⅛	$1.76	—	5.4
11	967p	Transworld Corp $5	997p	−15½	20c	—	1.2
42¼	29¾	TRINOVA Corp.	37⅜	+⅜	h$1.00	—	1.6
18¾	15⅛	♥USX $1	17	+⅛	$1.20	—	4.3
18½	15⅞	Union Carbide $1	18⅛	+⅛	$1.50	—	5.1
35⅞	26⅞	Utd. Technologies	27⅞	+⅜	$1.40	—	3.1
38¾	29½	US West‖	30¼	+⅝	$3.28	—	6.6
33⅞	28⅛	♥Woolworth $3½	30⅛	+⅛	$1.32	—	2.7

CANADIANS

1987 High	Low	Stock	Price $	+ or −	Div Gross	C'vr	Y'ld Gr's
23p	16p	♥Abbot Energy Corp.	16p	.....	—	—	—
21	10½	♥Amer. Barrick Res.	19	+¼	—	—	—
83p	35p	Armeno	74p	+4½	—	—	—
19¾	15¼	Bk. Montreal ‖	15⅝	−⅛	$2.00	—	5.5
10½	815p	Bk. Nova Scot.‖	842p	−11	72c	—	3.7
20⅝	18⅛	BCE ‖	18⅝	+⅛	$2.40	—	5.6
960p	712p	♥Bow Valley‖	797p	−6	10c	—	0.5
19¼	12¼	♥Brascan‖	15¼	.....	88c	—	2.4
609p	279p	♥Breakwater Res.	460p	.....	—	—	—
11⅝	965p	Can.Imp.Bk. $2	973pxd	.....	$1.08	—	4.8
12	929p	Can. Pacific ‖	10¼	+¼	48c	—	1.9
42½	37½	Do. 4pc Deb £100	42½	+½	4%	—	9.4
27½	16¼	♥Echo Bay Mines	24⅝	−½	20c	—	0.4
148p	66p	Euro-Asia Capital Ltd.	130p	−2	—	—	—
69p	32p	Global Data Systems	36p	−2	—	—	—
873p	408p	♥Granges Explnl.	764p	+12	—	—	—
17½p	10p	♥Gt Pacific Res.	16p	.....	—	—	—
14⅛	781p	♥Gulf Canada‖	12⅜	+¼	52c	—	1.8
13¾	10	♥Hawker Sid Can‖	12⅜	.....	96c	—	3.4
740p	556p	Henlys Group	606p	+11	—	—	—
14⅛	11⅛	♥Hudson's Bay ‖	11⅝	−⅛	60c	—	2.3
34½	25¼	♥Imperial Oil‖	29	+⅛	s$1.60	—	2.4
10⅞	824p	Inco‖	977pxd	+12	US$0.20	—	1.3
25¾	14¼	♥Intl. Corona Res.	20⅝	−½	—	—	—
676p	575p	♥Inland Nat. Gas $1	629p	+12	60c	—	4.1
363p	171p	♥Muscocho Explm.	286p	.....	—	—	—
10	748p	♥Ntnl Business Sys.‖	836p	+5	—	—	—
12	10⅛	♥Rio Algom	10⅛	.....	65c	—	2.8
19⅛	15⅛	Royal Bk. Can. ‖	15½xd	−¼	$2.00	—	5.6
49½	41⅝	Seagram‖	42¾	+⅞	US$1.00	—	1.4
14⅝	11⅞	Toronto-Dom. Bk.‖	12⅞	.....	84c	—	2.8
10⅛	836p	♥Trans Can Pipe	848p	+6	$1.12	—	5.7
184p	124p	Vanity Corp‖	130p	+2	B—	—	—

BANKS, HP & LEASING

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
281	219	ANZ $A1	241	.....	Q31c	2.4	5.5	7.7
•£168	£147	Algemene Fl.100	£148½	−5½	Q27%	♦	5.6	♦
•273	230	Allied Irish	263	+7	[illegible]	3.6	5.6	8.2
70	56	Anglo Irish	63	+2	Q19.69%	1.4	7.0	15.0
92	84	Ansbacher (H.) 1p	84	.....	2.0	—	3.3	—
£40½	£33½	Banco de Bilbao S.A.	£35⅝	.....	Q38%	3.0	2.6	12.6
£29½	£23½	Banco de Santander	£27¼xd	.....	Q23.2%	♦	1.6	♦
253	193	Bank Ireland Ir£1	248	+7	hQ14.04%	2.7	5.2	9.9

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
140	84	Anglo-Dominion	112	.....	—	—	—
90	24	♦Colby Res Corp	87½	+6½	—	—	—
235	162	Cons. March. 10c	235	.....	nQ60c	4.4	7.9
69	38	♦Ennex Int. (r)10p	62	−2	—	—	—
285	159	Greenwich Res	276	.....	—	—	—
355	190	♥Highwood Res	314	+16	—	—	—
£24½	£17⅛	Homestake Mining $1	£22	−½	Q20c	—	0.6
442	167	♥McFinley Red Lake	427	.....	—	—	—
150	86	♥Musto Explorations	99	+5	—	—	—
100	38	♥New Sabina Res C$1	90	.....	—	—	—
580	200	Northgate C$1	516	.....	—	—	—
226	104	Nor-Quest Resources	226	.....	—	—	—
990	699	RTZ	968	−7	23.5	ϕ	3.4
£201¼	£145¼	Do. 9¼pcLn '95-2000	£196¼	−1	Q9¼%	15.5	(4.9

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelscot Group 10p	395	.....	3.2	—	1.1	—
35	28	Aberdeen Am Pet 10p	31	+1	—	—	—	—
125	110	Allied Ins. Brokers	123	.....	L3.5	2.5	4.0	14.3
62	45	Catalyst Comm. 5p	61	+1	—	—	—	—
66	47	Corton Beach 10p	61	.....	—	—	—	30.3
195	102	Edenspring Investment	185	.....	—	—	—	—
63	31	Eglinton Oil Ir 5p	43	+2	—	—	—	—
41	17	Do. Warrants	27	−1	—	—	—	—
34	17	Publishing Hldgs 5p	34	+1	—	—	—	19.7
58	45½	Theme Holdings	51xd	+1	1.0	ϕ	2.7	ϕ
138	111	Uno Group	113	+2	R4.6	2.5	5.6	(8.2)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	73	.....	Fin. 13% 97/02	£115⅝	.....
Craig & Rose £1	£16½	+¼	Arnotts	373	.....
Finlay Pkg. 5p	76	+1	CPI Hldgs	57	.....
Holt (Jos) 25p	935	+8	Carrol Inds.	123	.....
IoM Stm. £1	100	−3	Dublin Gas	18	.....
			Hall (R. & H.)	184	.....
IRISH			Heiton Hldgs.	29	+2
Fund 11¾% 1988	£100⅝	.....	Irish Ropes	150	.....
Nat. 9¾% 84/89	£98¼	+⅛	Unidare	390	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	58
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met.	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES
Saturday May 2 1987

Trade figures boost City optimism

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

NEWS THAT Britain recorded a small surplus on the current account of the balance of payments in March added to the air of optimism in London's financial markets yesterday and boosted hopes of another cut in interest rates.

The Department of Trade and Industry said that the current account was in surplus by an estimated £175m in March, pushing the surplus for the first three months of the year up to an estimated £625m. That compares with a deficit of £756m in the last three months of 1986.

For March alone, visible trade was £425m in the red, but this was substantially below the deficit typical late last year and more than offset by an estimated £600m surplus on invisible transactions.

The figures, which were better than had been expected in the City, contributed to a further strengthening in sterling's value, triggering Bank of England intervention to brake the rise.

That in turn heightened speculation that this week's ½ point cut in bank base rates to 9½ per cent could be followed by another reduction to 9 per cent in the run-up to the general election expected in June.

The confident mood was reflected in another sharp rise in equity prices, with both the FT Ordinary and the FT-SE 100 indices climbing to new peaks.

The Government highlighted a £1bn fall in the deficit on manufactured goods in the latest three months as particularly encouraging and said that the motor vehicle sector had performed especially well. Car exports rose by 27 per cent during the first quarter.

The improvement in trade performance—non-oil exports are running about 11 per cent higher than a year earlier, while imports are 8 per cent higher—is a reflection of the sharp devaluation of the pound's value last year.

Over the past few months, however, the figures have been difficult to interpret because of highly erratic month-to-month fluctuations. For the first quarter as a whole, imports were sharply lower than in the last months of 1986, while export growth appeared to level off.

That latter factor is likely to explain the Government's determination to halt sterling's rise. The pound's gains over the past two weeks have already eroded a sizeable part of the competitive gains flowing from last year's devaluation. Because of that, most City economists still believe that the current account will be in deficit this year.

Mr Kevin Gardiner at Warburg Securities said that exporters faced a loss of competitiveness later in the year, while an expected upturn in consumer spending would boost imports.

At Alexanders Laing and Cruickshank, Mr Andrew Smith said he was still forecasting a deficit of £1.9bn this year.

The Bank of England is likely to be cautious about letting interest rates fall further because of its concerns about potentially inflationary pressures in the economy.

The Bank yesterday confirmed that sterling M3, the broad money supply measure, grew by 21.4 per cent in the year to April. Although growth in M0, the narrow money supply measure, was only 3.5 per cent, the authorities believe that other factors—including rises in house prices—carry a warning on inflation.

The authorities appear to acknowledge, however, that if the pound continues to climb they could be forced to cut rates. Yesterday the sterling index rose another 0.1 points to 73.3, its highest level since July last year.

Balance of payments table, Page 6

Bloom goes off claret boom

By David Housego in Paris

PRICES for young Bordeaux vintage wines are falling, for the first time in more than a decade. This is causing growers and dealers to fear that the claret boom of recent years could be reversed.

Proprietors of the major growths — grands crus — have begun to put their 1986 wine on the market at prices 10 to 20 per cent less than those of last year. Chateau Mouton-Rothschild and Chateau Lafite-Rothschild—two of the leading first growths—are offering their wine at FFr 180 (£18) a bottle ex-chateau, compared with FFr 200 last year.

Lesser known chateau trying to keep their prices close to 1986 levels are having difficulty in finding buyers. The 1986 vintage was a large crop of what is generally considered good wine.

The exceptional 1982 and 1983 vintages as well as the moderate 1985 vintage, may be had from dealers in Bordeaux and London at about 30 per cent less than their listed Bordeaux prices. The 1982 Chateau Pichon Longueville Lalande has been available in London at the equivalent of FFr 207 a bottle, compared with a listed Bordeaux price of FFr 295.

Vintex, a British firm of Bordeaux brokers, is offering 1983 Chateau Ducru Beaucaillou at FFr 130-140 a bottle for large purchases, against a going price of FFr 190-215 at Bordeaux.

Various factors have made the market nervous.

● Prices are generally recognised to have been pushed too high by the speculative boom of recent years, which has transformed the major Bordeaux growths into investment commodities, too expensive for most people to drink.

● The sharp fall in the US dollar has removed American purchasers from the market. Almost worse than that, US buyers who had overstocked are now depressing prices by selling earlier vintages. There are reports that some US purchasers have defaulted on their 1985 acquisitions.

● Negociants or dealers at Bordeaux are unable to unload the 1984 vintage, which has a bad name, and many still carry large stocks of 1985.

● In Britain, buyers who took advantage of the tax provisions of business expansion schemes to "invest" in wine are being forced to sell under provisions of the 1986 Budget. British buyers stocked up heavily with the 1981, 1982 and 1983 wines.

● The 1986 vintage, a large crop, is adding substantially to unsold stocks.

Mr Stephen Spurrier, a well known British wine dealer in Paris, says: "The speculative era in wines is completely over."

The hope of Mr Michael Broadbent, wine expert at Christie's, the auctioneer, is that 1986 will prove a year like 1979—a vintage that was sold slowly while the market absorbed those of earlier years, but eventually be recognised for its value.

He warns, though, "Prices have to come down. The danger is that there could be an uncontrollable slide."

Mr William Blatch of Vintex says prices will stabilise. Chateau Latour, another of the leading major growths, which had cut its prices this year on a range of 1970s and early 1980s vintages, has raised them almost to their former level.

Unlike the 1974-75 crisis, stability is being promoted now by the stronger financial state of the large chateaux, which can afford to carry big stocks.

The next key element in determining the trend of prices will be the size of the 1987 crop. A large flowering next month, with the prospect of another big crop, might provoke panic sales, some dealers fear.

THE LEX COLUMN

Dollar auction in reverse

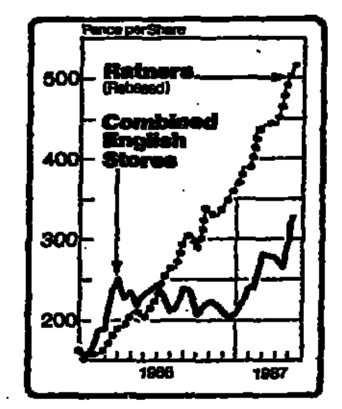
By this time next week, with Thursday's local government elections out of the way, the date of the general election might be about to be announced. The markets' habit of anticipating events — you would think Mrs Thatcher's victory speech had already died on the wind—has enabled, indeed required, one base rate cut. The flow of money into sterling barely paused on that news and only aggressive Bank of England selling seems to have stopped the pound rising above DM3. Another cut in interest rates too soon would look irresponsible as well as blatantly electioneering. But a delay in naming the day would be taken amiss by the markets, in the fear that some bad news, as yet unknown except to the authorities, is in the pipeline.

While the UK authorities were struggling to keep the pound in check, using the traditional interest rate and intervention weapons, the dollar problem has been quite the opposite. But although there has been intervention and rhetoric aplenty, the Federal Reserve Board's reluctance to apply the interest rate deterrent has been such that currency speculators no longer take much notice. Mr Volcker, the Federal Reserve chairman, added "absolutely and fundamentally" in front of the familiar remark that the dollar has fallen far enough, but that just sounded like wolf cried even louder. The response was so feeble a rise in the dollar that it could hardly be called a bounce.

For a moment on Thursday night it did look as though the interest rate differential between the US and Japan would be forcibly widened. But when it turned out that Mr Nakasone, the Japanese Prime Minister, only meant a slight weakening in money market rates when he talked of an interest rate cut and that "snugging" was a cosy word for only a slight tightening in US monetary conditions, that hope was fleeting, too. In fact, most interest rates in the US—primes, fed funds, bond yields—have already risen. A half point increase in the discount rate would merely follow them; it is an open question whether the market has already raised yields enough to make next week's auction bearable.

What is needed to stop the dollar falling again next week is a much more determined show that such a slide would be resisted. That would be as politically difficult in the US as the opposite is now easy in the UK. Cutting the budget deficit and putting up interest rates may never be popular, but unless the US is prepared to take some of the pain the rest of the world will not either.

Index rose 14.9 to 1626.9



Ratners/CES

The odds on the Ratners-CES agreement sweeping unmolested past the OFT and potential counter-bidders cannot be very high. But one way or another the Ratners revolution in jewellery retailing will soon be brushing away the high margin/slow stock turnover cobwebs from several more dark corners of the trade. The speed at which H. Samuel has been increasing its profits per sq ft—even allowing for provisions—has been remarkable, and the lease-backs have released the balance sheet for further advances towards 1,000 outlets rather more quickly than expected.

CES's asset-profile is far weaker than Samuel's but the trick can be repeated through the sale of several non-jewellery businesses which Ratners does not want; the Biba chain in Germany is, alone, valued at close to £80m. Salisbury's, the hand-bag and fashion accessories group, is a different matter. At present speed, Ratners is going to outgrow the relatively small jewellery market within the next three years and Salisbury's is a logical diversification. But if anyone else wanted to buy CES for the sake of Salisbury's, the jewellery shops might well be offered back to the super-dominant Ratners as a way to drop the cost of the deal.

For that reason alone, a reference is more likely than a counter-bid unless Ratners can destroy all evidence of its recent market-share boasts or persuade the OFT to look at a very wide definition of the market; however, a contingency plan to disgorge rather more than the 60 shops already offered up is no doubt in place. The 19 times exit multiple is reasonable but not over-generous and although there should be earnings enhancement over six months — unless cannibalisation is worse than expected—there may be some dilution over 12.

Sun Life

The sudden explosion of full-page advertisements soliciting votes is not a foretaste of the election, though it is extremely political. On the face of it, Sun Life's extravagant burst of advertising appears an over-reaction to the candidature of three gentlemen representing Sun's largest shareholder, TransAtlantic, even if the immediate background is TransAtlantic's use of its 26 per cent stake to block a proposed re-organisation of Sun Life earlier in the year. For there is nothing to complain of in the credentials of the three TransAtlantic candidates, and TransAtlantic is a shareholder in good standing (though possibly not in good odour).

The difficulty that Sun Life has in welcoming directors from TransAtlantic is rooted in two connected ideas: South Africa and creeping control. Whatever TransAtlantic may say to the contrary, it is in substance a vehicle for Liberty Life of South Africa, and if the shareholders in Sun Life vote for TransAtlantic they will effectively be passing control to the South African group. That is not because a quarter of the votes plus $\frac{1}{16}$ of the board may arithmetically constitute control (there is no such equation); but deciding to vote for TransAtlantic's nominees against the opposition of Sun Life's board —a rather frantic opposition, in fact—would be a vote of no confidence in that board.

Since there would then be no incentive to Liberty Life to add to its position by purchasing a majority of the shares, Sun Life shareholders need not expect to see a premium for change of control appear in their share price. At £11$\frac{11}{16}$ up $\frac{1}{16}$ yesterday, Sun Life shares stand perhaps £2 below the level that might be reached in a proper bid. If it were a proper bid, of course, those newspaper advertisements would not have been allowed to appear.

Decision on BAe Airbus aid 'soon'

By Michael Donne, Aerospace Correspondent

A GOVERNMENT decision is expected soon, possibly on Tuesday, on the level of cash support to enable British Aerospace to participate in the developing the next generation of Airbuses—the medium-range twin-engined A330 and the four-engined long-range A340.

The Government is believed to have improved on its offer of £400m made in response to a British Aerospace request for £750m. The Department of Trade and Industry, after several weeks of delicate negotiations, is expected to propose launch aid of between £500m and £600m to the Cabinet.

British Aerospace is likely to accept this although it previously said it would need as much as possible of the £750m to avoid having to withdraw as the prospective wing-builder for the aircraft.

Its argument was that the £750m, repayable through levies on aircraft sales, would only cover non-recurring development costs of the wings and that it would have to find up to another £450m from its own resources to cover production costs before cash began to flow in from sales.

It is understood that DTI and Treasury negotiators made it clear that the Government was unwilling to subscribe the full sum, and that British Aerospace would have to yield some ground in response to an improved government offer.

The Government was aware throughout the negotiations of political consequences if British Aerospace had to withdraw from the ventures which involve other countries in Western Europe.

There has also been pressure from Airbus Industrie for early decisions from shareholder governments, including Britain.

Competition from the new McDonnell Douglas MD-11 airliner, the replacement for the existing DC-10, is increasing. Airbus is concerned that further delay would result in McDonnell Douglas capturing some of the 10 airlines that have provisionally ordered up to 124 A330-A340 aircraft.

Enlarged aircraft's maiden flight, Page 3

Job training scheme problems increase as agencies pull out

BY CHARLES LEADBEATER AND DAVID BRINDLE

THE GOVERNMENT'S job training scheme is running into increasing difficulties.

Against a background of growing union opposition, three of the nine independent agencies involved in trials for the full scheme are understood to be pulling out because of a shortage of funds.

The agencies manage the scheme under contract to the Manpower Services Commission, and have been operating since November. Those which have pulled out believe they do not have the funds to provide adequate training. A further agency has had its contract rescinded.

Civil servants at the Department of Employment are likely to vote to take industrial action in an effort to block the expansion of the scheme.

The Civil and Public Services Association's 30,000-strong Department of Employment section will vote next weekend on an executive committee motion calling for a campaign of opposition to the scheme including industrial action. CPSA members in unemployment benefit offices and Jobcentres play a vital role in placing unemployed adults on the scheme.

Leaders of the Society of Civil and Public Servants, which represents more senior staff in Jobcentres will next weekend urge its members to campaign for improvements in the scheme. However, the union is unlikely to take industrial action or oppose the scheme outright.

The growing union campaign is likely to force the TUC general council to reassess its qualified support for the scheme. The Wales TUC yesterday voted to withdraw co-operation following a similar decision last week by the Scottish TUC.

The Government announced in January that the scheme would be expanded to provide 110,000 places by the autumn. Trainees are paid an allowance broadly in line with the benefits they received while on the unemployment register.

The CPSA wants this allowance to be raised. It is also concerned that the expansion of the scheme will lead to a drop in the number of places on the Community Programme for the long-term unemployed, and thereby the number of staff employed to administer the programme.

Although the vote at the Wales TUC was against its leadership's wishes, the scheme's critics believe there is a momentum for the TUC as a whole to withdraw national co-operation from the scheme.

The TUC's three MSC commissioners have broadly supported the scheme, but with reservations about the allowances paid to trainees. The TUC is awaiting Lord Young's response to criticisms before reconsidering its position.

US, Japan set trade objective

BY STEWART FLEMING, US EDITOR IN WASHINGTON

THE US and Japan should have as "a key objective" the reduction of the "politically unsustainable" trade imbalance between the two countries, President Reagan and Mr Yasuhiro Nakasone, the Japanese Prime Minister, said yesterday in a joint statement.

The statement added that Mr Reagan "emphasised his determination to reduce the US budget deficit," but it gave no indication of a shift in policy on the budget by the White House, although there is continuing speculation that such a shift is being considered.

Separately Mr Reagan and White House officials also hinted strongly that Washington would like to lift the controversial penalty duties on Japanese electronic imports before the seven-nation summit in Venice in early June.

The duties were imposed after US allegations that Japan had been dumping semiconductors in world markets, breaching a bilateral accord on semiconductor trade.

Mr Nakasone, in a speech to the National Press Club yesterday, again stressed his desire to see the duties removed.

Privately some US officials concede that the decision to impose the duties was ill-conceived. They say that the first opportunity to remove them will come in the middle of the month when trade figures will be available which may indicate that dumping by Japan has ended.

To lift the duties before then would imply Washington was backing off from the tough line it had taken, spurring renewed criticism of the White House's trade policy on Capitol Hill and strengthening protectionist sentiment.

Apart from Mr Nakasone's announcement of the move to lower Japanese interest rates, his visit produced no new initiatives aimed at meeting US criticism and Congressional anger at Japanese trade and economic policies.

Even the White House, which has been trying to put the best gloss possible on his trip while still leaving no doubt that it is unhappy with Japan's trade policies, expressed dismay with the report from Tokyo of another record trade surplus.

In his speech to the National Press Club following his White House visit, Mr Nakasone said the Japanese trade surplus with the US was falling already in volume terms and would begin to decline in dollar terms this year.

He said he was "deeply concerned" that the economic policy tensions could "threaten the foundations" of the relationship between the two countries.

He then enumerated the measures which Japan is taking to meet US demands, all of which have been disclosed previously including a $36bn fiscal stimulus package.

He also mentioned the plan to double Japanese aid to developing countries over the next seven years and a plan to recycle some $20bn of new government and private funds to Third World debtors in Latin America and Asia, in addition to $10bn committed earlier in the year.

The Reagan Administration has welcomed these initiatives, but wants to see action to back up the promises.

The White House caution was evident again yesterday when Mr Marlin Fitzwater, the White House spokesman, described the meetings between Mr Reagan and Mr Nakasone as "quite productive in a number of ways."

On Capitol Hill, amid scepticism about Mr Nakasone's ability to deliver on his promises because of his political weakness at home, there has been little sign that Mr Nakasone's visit has done anything to dampen demands to exert increased pressure on America's Asian ally to open its markets and do more to help reduce the US trade deficit.

In particular, there are doubts about whether the modest interest rate cuts Japan is making will do much to stimulate the Japanese economy, even if they may help stabilise the dollar/yen exchange rate.

EPROM dumping "has stopped," Page 2

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
BAT Inds.	521	+ 19
BOC	463	+ 21
Beecham	544	+ 25
BP	323xc	+ 7
Checkpoint Europe	375	+ 105
Clayton, Son	233	+ 13
Comb. Eng. Stores	360	+ 38
Country & New Twn	174	+ 12
Delyn Pack.	375	+ 10
INOCO	56	+ 4
Jaguar	574	+ 18
Jones & Shipman	147	+ 11
Kleinwort Benson	494	+ 21
Kwik Save	295	+ 8
Ladies Pride	96	+ 8
Lloyds Bank	548	+ 20
Lucas Inds.	588	+ 13
Next	354	+ 8
Reed Intl.	442	+ 12
Rivlin	164	+ 7
Rowntree Mackntsh	510	+ 9
Stockley	125	+ 8
Sun Life	£11$\frac{11}{16}$	+ $\frac{1}{16}$
Ultramar	227	+ 6
Utd. Scientific	263	+ 18
Wolver. & Dudley	335	+ 10
FALLS		
Plessey	224½	− 11½
STC	287	− 8
Vaux	535	− 24

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	19	66	Dallest	C	18	64	Madeira	S	19	66	Prague	F	21	70
Algiers	C	18	64	Dublin	F	11	52	Madrid	S	24	75	Rykjvk.	F	1	34
Amsdm.	R	14	57	Dbrvnk.	S	20	68	Majorca	S	23	73	Rhodes	F	15	59
Athens	F	16	61	Ednbgh.	C	10	50	Malaga	C	20	68	Rio J'ot		—	—
Bahrain	S	36	97	Faro	S	22	72	Malta	F	18	64	Rome	F	18	64
Barclna.	S	18	64	Florence	C	20	68	M'chstr	C	10	50	Salzbrg.	S	20	68
Belfast	S	11	52	Frankft.	F	20	68	Melbne.	F	17	63	S'ciscot	R	13	55
Belgrd.	F	23	73	Geneva	S	20	68	Mx. C.†		—	—	Seoul	S	23	73
Berlin	T	13	55	Gibrltr.	C	18	64	Miami†	S	19	66	Singapr.	F	29	84
Biarritz	S	25	77	Gl'sg'w	F	10	50	Milan	F	20	68	S'dagot		—	—
Bmghm.	R	9	48	G'rnsey	C	12	54	Montrl.†	F	4	39	Stckhm.	S	20	68
Blackpl.	F	10	50	Helsinki	S	22	72	Moscow	S	20	68	Strasbg.	S	22	72
B. Aires		—	—	H. Kong	F	29	84	Munich	S	21	70	Sydney	C	19	66
Bombay	C	31	88	Innsbrk.	S	21	70	Nairobi		—	—	Tangier	F	23	73
Bordx.	S	23	73	Invrnss.	F	8	46	Naples	S	19	66	Tel Aviv	S	20	68
Boulgn.		—	—	I.o.Man	S	10	50	Nassau		—	—	Tenerife	C	21	70
Bristol	R	13	55	Istanbul	C	9	48	Nwcstl.	R	8	46	Tokyo	R	19	66
Brussels	C	17	63	Jersey	C	14	57	N Delhi	F	29	84	T'r'nto†	S	5	41
Budpst.	S	24	75	Jo'burg	S	24	75	N York†	F	9	48	Tunis	F	21	70
Cairo	S	22	72	Leeds	C	12	54	Nice	F	18	64	Valencia	S	20	68
Cardiff	R	11	52	L. Plms.	S	22	72	Nicosia	F	19	66	Venice	S	21	70
Cape T.	S	26	79	Lisbon	S	22	72	Oporto	S	19	66	Vienna	S	22	72
Chicg.†	F	8	46	Locarno	S	19	66	Oslo	C	9	48	Warsaw	S	23	73
Cologne	C	18	64	London	F	17	63	Paris	F	19	66	Wsh'gtn	S	11	52
Cpnhgn.	R	13	55	L. Ang.†	C	15	59	Peking		—	—	Well'gtn	R	7	45
Corfu	S	18	64	Luxmbg.	C	16	61	Perth		—	—	Zurich	S	20	68

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Continued from Page 1

Prime lending rates

the currency, might signal a rift between him and the White House.

The prime rate increase, led by Citibank, had been expected because of recent turmoil in foreign exchange and credit markets induced by the dollars weakness and worries over trade issues.

The move had little immediate impact on the dollar but bond prices fell more than a point and a half. Stock prices held on initially to modest gains before turning lower in the afternoon.

Mr Volcker was seen as giving the markets his blessing for a prime rate increase, one analyst said. The fraught conditions of currency and credit markets made it "a good time politically."

Foreign exchange markets remained sceptical about significant progress on solving US-Japanese trade and currency problems. Analysts suggested the dollar could come under selling pressure.

While many analysts said the prime rate rise would have little effect on the US domestic economy, further increases in industry's cost of borrowing could slow the US economic growth rate from the currently sluggish level of about 2 per cent a year.

Philip Stephens in London writes: The simultaneous fall in Japanese and rise in US rates helped to stabilise the dollar against the yen yesterday but the US currency weakened against the D-Mark.

In a generally quiet market, because of closure of several European centres, the dollar closed in London at DM 1.7795, down from DM 1.7980 on Thursday and at Y140.35 against Y140.60.

Continued from Page 1

Kinnock

"It would be nice to let a 1,000 flowers bloom, to ignore the inanities and tolerate the zealotry. It would be accommodating and pleasant, and it would also be stupid and utterly wreckless for the party to ignore these things," he said.

So Labour had acted against indiscipline this week and would do so again if necessary. Dissenters had to get it straight. "That's how we will deal with such selfishness and self-indulgence, and those who don't get it straight will suffer the consequences. That's their choice," he said.

Mr Kinnock, asked outside the conference what he would say to party members continuing to make black sections an issue in the weeks before the election, probably in June, said: "I would say shut up."

John Elliott visits Bhutan, where the search for gross national happiness co-exists with worldlier concerns about GNP

The modern path to enlightenment

RED ROBED monks, chanting prayers and tinkling bells, filed in a long line across the Himalayan hillside to pay homage to a huge silk tapestry of a giant Buddhist saint. The brightly coloured tapestry, called a *Thangka*, celebrates the coming of Buddhism to Bhutan from Tibet, in the ninth century. It is never exposed to the rays of the sun, and its annual public display is one of the most important events in the Bhutan religious calendar.

Central Bhutan, a tiny kingdom sandwiched between China and India, was closed to the outside world until the early 1960s. A highly traditional, Buddhist-based society, it is now trying to maintain its own culture and values while warily opening its doors to development—and tourism.

"We are convinced that we must aim for contentment and happiness. Whether we take five years or 10 to raise the per capita income and increase prosperity is not going to guarantee that happiness, which includes political stability, social harmony, and the Bhutanese culture and way of life," says King Jigme Singye Wangchuck, the country's 32-year-old monarch, who puts gross national happiness above targets of gross national product.

Bhutan does not want to follow Nepal into rapid development, with the allied pitfalls of corruption and wasted resources, mass tourism, and drug and other problems. Bhutan sees the maintenance of its unique life style as its best bulwark against its powerful neighbours, or disruption by some future domestic political upheaval.

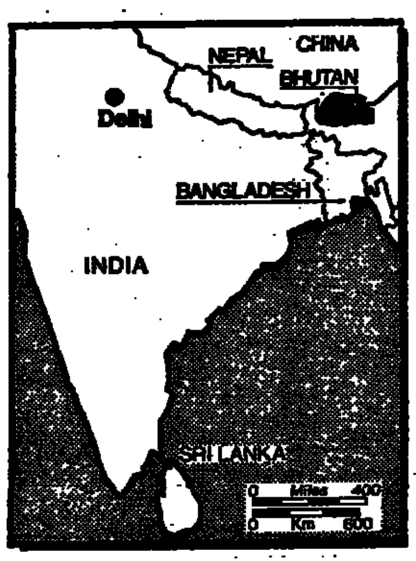
"Independence through an independent culture," says the King. The slow opening up is to proceed even more cautiously. For example, the more sacred mountains and monasteries are being closed to foreigners, and there is to be no rapid expansion of tourism. Offers of foreign equity investments in industry are, on the whole, refused. Cultural and religious education in schools is being increased.

Bhutan is a land of strange contrasts for a country which is part of the crowded, generally corrupt, and politically volatile Indian sub-continent. There, extremes are marked by technological gaps such as those between bullock carts and space satellites, and by horrifying poverty alongside opulent, often arrogant, wealth and power. In Bhutan the contrasts are softer.

It is a sparsely populated country with not more than 1.2m people (some estimates say far fewer) in its mountainous 18,000 square miles—roughly a fifth of the UK's land area. It has strong, Buddhist-based cultural traditions; old-world etiquette and values. Tall white Buddhist prayer flags flutter on hillsides. People greet each other formally, and defer to authority. There is a colourful uniformity in both the widely-worn national dress and the religious architecture.

Bhutan has no crippling urban or rural poverty, though statistically it is one of the world's poorest nations, with an official per capita annual income of about \$160. (In Bangladesh the official figure is \$159.) Because wheeled traffic was introduced only in the past 25 years, there are no dilapidated vehicles. But the traditional society contrasts with the latest in consumerism.

New Toyota cars and minibuses run on smooth black roads. Video shops flourish in the uninspiringly planned new capital, Thimphu—though there are no television programmes, and not even



a proper book shop. Bhutan's first weekly newspaper, "Kuensel," last year replaced a typed news-sheet. It has a circulation of 7,000, and is produced with (partially solar-powered) Apple-Mackintosh computers and laser proof printing. But for Kuensel's launch, monks chose an auspicious day and insisted that the computer screens all faced south.

Bhutan's historical isolation was dictated by mountain geography which has always kept it independent, despite being coveted by India, both during and after British rule—and by China. From India, to the south, travellers cross the hot plains of West Bengal (by road, or one of two 18-seat Dornier prop aircraft, belonging to Bhutan's airline, the four-year-old Druk Air). A high mountain range looms ahead. This is the southern edge of the tropical foothills of Bhutan.

The area is populated mostly by Hindus of Nepalese origin—one of several ethnic groups which have strayed across national and provincial borders in this part of south Asia, forming an official 25 to 30 per cent of Bhutan's total population (unofficial estimates put them at 40-50 per cent).

In the far north of the country the great Himalaya region, inhabited by nomadic yak herdsmen, rises to the remote closed border with China's "autonomous region" of Tibet.

It is the area in between—Bhutan's central inner Himalayan region, where mountains rise to 17,000 feet—which provides the country with its cultural base and most of its governing élite. This is the home of the dominant, Drukpa sect of Mahayana Buddhism (which gives Bhutan its real name of Druk Yul—land of the Thunder Dragon), and of Dzonkha, the national language, similar to Tibetan.

Yaks and the occasional tiger can be found in the hills and mountains of this green, densely wooded, thinly populated central region. There are scattered settlements of tall farm houses, and on the hillsides are clusters of prayer flags, occasional monasteries with their spinning prayer wheels, small sacred towers or "chortens," and massive, picturesque "dzongs," which house both monasteries and government offices. These dzongs, some clinging, fortress-like, to cliff edges, dominate the countryside. Topped with shallow, pagoda-style roofs, they are built around galleried courtyards decorated with Buddhist abstract paintings. They emphasise the country's monastic and feudal traditions: a line of spiritual and temporal authority.

There are between 3,000 and 4,000 monks in Bhutan, some sent to their monasteries when only five years old. They sit in lines, cross-legged on the temple floors, rocking back and forth to their haunting, discordant chanting. Most people dress in dark red monkish robes, or in the colourful national dress. Men wear a long loose coat, called a kho, wrapped loosely into folds and tied around the waist with a thin belt. With the dress goes a scarf denoting authority and status. The king and the head lama wear saffron scarves; ministers and deputy ministers orange; senior civil servants and regional officials red; and other people wear white.

Bhutan might have remained in almost total isolation but for the Chinese occupation of Tibet in 1959. This catapulted the small kingdom into social and economic revolution. Internal political and economic stability has followed. Bhutan has closed the border with Tibet (still shut, apart from some small-time smuggling) and developed increasingly close ties with India—which has thus gained a friendly dependent buffer state next to China.

The 1960s were politically volatile. There were clashes between rival power groups in Bhutan, and the assassination of a prime minister. Now, in a country with low literacy—around 20 per cent—and little urbanisation, there are no evident political dissidents (and no political parties) either at home or in exile.

Development was begun almost from scratch. There were no roads—the first road to the Indian border was opened in 1968. (In 1957, Mr Jawaharlal Nehru, India's prime minister, travelled by mule, horse and yak for nine days to reach Thimphu, the capital.) Indians staffed Bhutan ministries, Bhutanese have only gradually been taking over, so there are few ministers or civil servants much over the age of 40. A small, steady flow of Bhutanese is returning from education abroad—one of the most remarkable statistics is that only three out of more than 1,000 students who have gone abroad during the past five years have failed to return home to live and work. (When they do return, they are put on a six-week cultural and religious course and sent for up to a year to work in rural areas.)

India still dominates the Bhutanese economy. In the forthcoming five-year plan it will provide 40 per cent of £500m expenditure, the balance made up, on a 50-50 basis, between foreign aid and internal resources. India builds Bhutan's roads (tortuous, contour-hugging roads which compare badly with the Chinese roads built in nearby Nepal and Pakistan), and has a significant military training presence. India controls services such as telecommunications, banking, and airline flights.

The King spelt out some of the less fortunate side-effects of Bhutan's rapid opening-up. Partly educated in the UK, he is the driving force in his country's development, an active chairman of the planning commission, now finalising its sixth five-year plan (to 1992). He has been head of both the Bhutan state and of its government for 14 years.

"We are fortunate in developing late at a time when other countries, which went through our present stage of development 30 or 40 years ago, are becoming aware of what they have done wrong. Many have developed a modern society but none has kept its strong traditions and culture, which we want to do. Corruption began when development started in 1961. Maybe not seriously, compared with other countries, but serious by our standards." The King is also concerned that, like other developing nations, Bhutan has accepted aid without adequate internal administrative abilities and efficiency.

Development has had other effects, the King explains. "Our own people started stealing images from monasteries, ransacking them, and selling the treasures in Darjeeling and Nepal. That would have been unthinkable 10 or 14 years ago. They stole from the villages and took old handicrafts and valuables from their own homes. Some of our best religious objects have gone." Some Bhutanese handbooks ask visitors not to buy antiques, and not to give pens or sweets to children.

Problems associated with development have led to increased emphasis on the Bhutanese way of life—and also to restrictions on tourism, which started in 1974—in order to utilise the hotels which had been built for guests at the King's coronation. But Bhutan's selective, high-price tourism has not proved economically viable, though it is the biggest earner of foreign exchange, at just over \$2m a year. Only 2,000 tourists were admitted in 1980; last year there were 2,405. The tourist target for 1992 is no more than 3,000, with maybe 5,000 by 1966. The official "government" tourist rate is \$90 to \$130 a day, depending on the season. Mr Jigme Tshultim, director of tourism, wants to raise this to \$130-\$190.

At least one mountain, the 24,700 foot Gangkar Punsum, which is one of the world's highest unclimbed peaks, opened in 1985, has been closed this year because local people said expeditions were disturbing a deity living on top. (Local officials say failed expeditions include British climbers, who had to be helicoptered out from deep snow last year, Japanese who fell sick, and Americans who lost their way and did not even find the mountain.)

"People say deities are not happy, and so there are hailstorms and bad crops," says Mr Rigzin Dorji, Secretary for Religious Affairs, who is drawing up a list of seven mountains and other sensitive sites. Two monasteries have been shut to protect specially sacred places of meditation; more may be at least partially closed, including Taktsang, or "Tiger's Nest," a tiny monastery perched on a rocky edge 3,000 feet above Paro Valley, which has become a target for tourists seeking to prove their fitness.

"Monasteries for us are sacred places," says Mr Lynopo Dawa Tsering, the Foreign Minister. "We are quite willing to make the economic sacrifice and cut back on tourism—all our culture, music, literature, architecture is based on Buddhism, and we would not like to compromise these values in the quest for material wealth."

As I left the dzong in Thumphu, the monks' trumpets and chanting were reverberating around the sunlit courtyards beneath the surrounding green hills. The King had left his palace in his Range Rover to discuss the five-year plan with villagers. A few small groups of tourists were being shown the Tantric paintings. On the uncomfortably twisty, Indian-made mountain road, hundreds of prayer flags fluttered high on the hillsides above Indian and Nepalese road-workers' slum settlements.

But Paro dzong and its monastery show the singular style and confidence of this strange, tiny Buddhist kingdom which is searching for King Jigme's "gross national happiness"—the best of all worlds.

The Long View

Doomsday will be rather mild

Protectionism is now supposed to be the sin which could stunt our growth. However, both present practice and the history of the 1930s suggests to Anthony Harris that these warnings are greatly overstated.

YOU CAN HARDLY open your newspaper these days without reading that there is one great threat now hanging over us—something worse than inflation, or unemployment, or debt.

The Americans have a word for it, or rather a pair of names. "Smoot-Hawley," says the President, urging Congress to turn down the tough version of trade legislation proposed by Congressman Richard Gephardt, who wants automatic sanctions against countries with large trade surpluses. "Smoot-Hawley" echoes George Schultz, talking to a farming paper on the same subject.

What Senators Smoot and Hawley did, back in 1932, was to introduce tariffs, designed mainly to protect American farmers. It now seems to be part of American folklore that the Senators caused the depression of the 1930s.

This is a travesty of American history; the Smoot - Hawley tariffs were a response to the slump, which was already some two years old before they were introduced. They did not revive the US economy, though they do seem to have helped to check the ruinous fall in farm prices.

In Britain, history has a much more subversive moral to suggest. The country devalued by going off gold in 1932, and compounded that with a high effective industrial tariff. For the six years up to 1938 we enjoyed the kind of sustained, rapid growth that the Government likes to boast about now. A price advantage combined with high unemployment still seem to work the same magic.

There is still one moral which free-trade theorists can draw from this history: neither in the US nor in Britain did trade protection have any noticeable effect on the trade balance.

They are right, then, to argue that protectionism is not the answer to America's present problems; but they could be quite wrong to argue that it is a grave threat to world prosperity. Not in the short run, anyway.

The pure theory of the benefits of free trade cannot be refuted. *If you are twice as good as me at making shoes, but three times as good at making potatoes, we will both be better off if you concentrate on potatoes and leave the shoemaking to me, even though you could do it better. You get more shoes by barter, specialising where your comparative advantage is greater, and I get more potatoes by making shoes.*

The real world, though, is very much more complicated *than that. Countries have established industries that are threatened, and want at least to buy time. They have new ones which will become competitive if they are sheltered during infancy.*

They have citizens who may have a taste for shoemanking, and who have been trained to do it very well at the taxpayers' expense. They do not want to force these people to emigrate in order to exercise their skills, or to spend money on training for the benefit of some other economy. Governments may also argue that their infantry cannot be left to depend on imported boots.

These oversimplified arguments help to show why, in the real world of today, protection is widespread. Indeed it is quite difficult to think of any commodities in which trade is truly unhampered. Tariffs are low, but quotas, commodity agreements "voluntary" restraint pacts, onerous safety tests and arbitrary specifications about what can be called beer or macaroni or champagne cover most kinds of trade.

The world as a whole might be much better off without these restraints and distortions; but the difficulty, as the Irishman acutely observed, is how to get there from here. The adjustment would be painful for a lot of voters. That is why freeing trade is such a Sisyphean task. The whole business slides down hill as soon as you stop pushing.

In any case, the free trade Jeremiahs are not very logical. If the US were to try to address its problems by imposing a tariff such as the one Britain deployed in the 1930s, there would be general lamentation.

But when the US (or Britain, for that matter) achieve exactly the same effect on relative prices by allowing their currencies to fall in value, free market theorists are inclined to applaud. They seem to operate on the simple rule: markets, good; politicians bad.

They would employ their logic to better purpose if they pointed out that a general charge on imports would be a great deal *less* harmful than the present effort to punish successful countries and industries selectively; and, of course, that neither *devaluation nor import* charges will make very much difference to the trade balance.

That is a matter of living within your income, if you are a deficit country, and of not living too far within it if you are a surplus country—the kind of policy convergence that James Baker has been urging with so little success. It is still the only constructive alternative to learning to live with large imbalances.

The real case against Rep Gephardt's amendment is not that it is dangerous, but that it is stupid. It would provoke quarrels and so prevent the kind of co-operation which is needed.

On the other hand a general import surcharge such as President Nixon imposed (which is incidentally perfectly legal under the GATT, unlike the measures now being debated) would provoke little more than grumbling, and would at least help with the US Treasury deficit.

Investors may by now be wondering why they should bother with this schoolroom lecture on economics. The reason is simply to know the difference between genuine bad news and a lot of ideological fuss.

If you like worrying, watch the dollar and the Tokyo stock-market. A dollar collapse could start an American recession; a Tokyo collapse might spread temporarily to other markets, but I would regard that as a buying opportunity.

If you are a congenital optimist, watch the British economy, and a re-run of the 1930s. But don't lose too much sleep over protectionism; we've had it for years.

• CONTENTS •

· MARKETS ·

Plenty to welcome

WHAT A difference 10 days make.

Back at the Easter break, dealers were fretting about the overseas clouds—on the one hand, a prospective trade war between Japan and America, and on the other a rise in US interest rates to support the ailing dollar.

But last week it was sunshine all round. Cheered by an early ½ point cut in interest rates at home, and placatory noises from the Nakasone-Reagan talks in Washington, London markets romped ahead.

On Monday, admittedly, dealers cast a passing glance at Tokyo's biggest-ever one-day fall, and the poor start by Wall Street, with the result that the FT-100 Share Index slipped 15 points to 1986. From then on it was upwards—35.5 points higher in the wake of Tuesday's base rate cut, another 16.5 on Wednesday, 11.9 on Thursday. By the weekend, Footsie had hit 2068.5, a gain of 67 on the week.

Gilts had a share in the party, with a hectic session after the interest rates cut and the announcement of a new £1bn tap stock. By Thursday evening, the yield on high coupon longs was standing at 8.92 per cent. With sterling's strength undiminished by the base rate reductions, analysts are now suggesting that another similar cut cannot be far off; that prospect, predicts Warburg Securities, could push long yields nearer to 8.5 per cent.

But it wasn't just interest rates which provided the cheer. The market is increasingly convinced that Mrs Thatcher is set to call a June election; the latest opinion polls may indicate a small Labour recovery but, more pertinently, they point to a diminishing Alliance threat.

Moreover, as brokers Wood Mackenzie point out, the absence of chunky cash calls, modest gilts funding, and continued private investor interest — bringing a net inflow of £1.7bn into unit trusts during the first quarter — means that institutional cash flow is still strong.

London

On that score, the forthcoming £1.36bn Rolls-Royce flotation may dent a few cashpiles. But with the price fixed last week at 170p (in the middle range of estimates) and given the shares' partly-paid form, a decent premium looks to be in view. Small investors, along with employees, should get up to 40 per cent of the 801.5m shares, and have until 10 am on Thursday to submit applications.

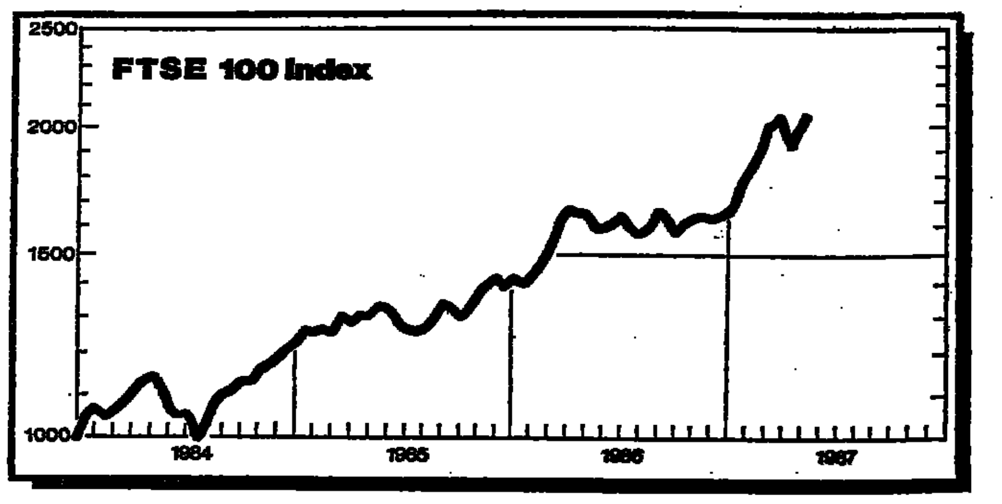
Equally, there was plenty to welcome last week on fundamental grounds. According to the latest Confederation of British Industry survey, current business optimism has only been bettered twice in the last 10 years. And, if back-up was needed, there was stirring evidence in final figures from the likes of Tesco and Tarmac (pre-tax profits up 34.1 and 26 per cent respectively); a 26 per cent half-time advance from Wellcome, the pharmaceuticals group; and a 63 per cent surge in first quarter figures from ICI.

But it was on the bid front that the sparks really flew. On Wednesday, Norcros, the printing to building materials group, escaped the £570m approach by Williams Holdings by the narrowest of margins—Williams mustering 48 per cent of its target's shares, and Charterhouse, Norcros' advisers, picking up a key 1.66 per cent in the final 24 hours.

It was the largest contested bid since the BTR-Pilkington failure, and the outcome underlines the change in institutional sentiment (over 80 per cent of Norcros' shares was in institutional hands) towards unwelcome takeovers during the past 12 months.

It also leaves a number of advisers wondering about the degree to which the new Takeover Panel rules on disclosure, and the more cautious sentiment in the wake of the Guinness scandel, are now affecting the market during bids.

That is a problem United Newspapers has yet to face. United, which takes in the Express papers, emerged as the ultimate buyer of publisher Robert Maxwell's near-27 per cent holding in Extel, the business and sports information group following Wednesday's auction, and promptly fired off a £252m bid.



But with United's own shares tumbling 13p to 479p on the news, its share exchange values Extel at just 493p, suggesting an exit p/e on 1986-87 figures of under 20, and on 1987-88, of perhaps 16. With Extel stuck at the 510p level, the market was quick to decide that United's shot is sighting only.

Still on the publishing front, there was a flurry of interset in the shares of Pearson the publishing, banking and industrial group which takes in the Financial Times—as Hutchinson Whampoa, the Hong Kong trading group, sold its 4.9 per cent stake. The buyer was Warburg Securities, but its client was not revealed.

There were fewer problems for Ratners, the jewellery group. On Friday it announced a £300m bid for Combined English Stores with the backing of the CES board.

Not all recommendations proceed smoothly, however. Shares in Contibel, one of the two new companies created from the break-up of Imperial Continental Gas, opened on Tuesday at 320p—only to be met with a £395m offer from two Belgian companies, Tractabel and Groupe Bruxelles Lambert, worth 278p a share. The board and its advisers, Morgan Grenfell, had lent its backing to the offer, a point which curried no favour with institutional shareholders.

They, meanwhile, are still flexing their muscles in defence of pre-emptive rights. Insurance companies moved to encourage a return to traditional rights issues last week when they posted new guidelines: These suggest that corporate requests to issue shares exceeding 2.5 per cent of issued acpital without giving shareholders any clawback will be opposed; the previous figure was 6.67 per cent.

True, the big guns have built in some flexibility by saying that specific approval may be granted when a convincing case can be made. But, if the guidelines stick, funding via overseas placings or large new share issues in ADR and convertible eurobond form look like a thing of the past.

The institutions say they will accept funding plans in the pipeline. Nevertheless, an immediate poser arrived in the shape of J. Crowther, the textile group, whose ambitious £57m cash call on Wednesday combined a £37.4m rights issue with a £19.7m convertible eurobond. The scale of the convertible stock busts old and new guidelines. Crowther shares dropped 12p to 200p.

But then, is good news ever universal?

Nikki Tait

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abelscott	Dec	488	(398)	12.1	(10.7)	(3.5)	(—)
Aberdeen Constr	Dec	3,340	(3,670)	—	(—)	3.8	(3.0)
Aberdeen Steak	Dec	605	(813)	3.2	(3.6)	1.2	(1.2)
Allebone	Jan	628	(156)	2.2	(0.1)	1.5	(1.5)
Astbury & Madly	Dec	2,280	(1,790)	15.0	(12.6)	5.0	(4.5)
Ata Selection	Dec	382	(598)	—	(—)	1.5	(0.9)
Barr & Wallace	Dec	1,380	(1,010)	15.2	(13.6)	8.0	(7.0)
Beattie James	Jan	6,580	(5,380)	9.3	(7.1)	3.4	(2.8)
Benlox	Dec	457L	(306)	—	(1.3)	1.1	(1.1)
Brit. Island Air	Dec	1,690	(1,170)	7.4	(6.1)	2.0	(—)
Centreway Ind	Dec	801	(619)	4.6	(2.8)	—	(—)
Centreway Trust	Dec	629	(80)	3.2	(—)	—	(—)
Chepstow Race	Dec	26	(12)	3.6	(2.0)	1.0	(1.0)
CI Group	Jan	1,880	(1,450)	3.2	(2.8)	1.0	(0.9)
Clayton Son	Dec	1,060	(62)	—	(—)	9.0	(7.0)
Conrad Holdings	Dec	483	345	3.6	(3.0)	2.5	(2.5)
Costain	Dec	64,300	(60,600)	55.1	(53.6)	17.5	(16.5)
Crean James	Dec	7,490	(4,140)	34.0	(19.9)	12.5	(10.8)
Davies & Newman	Dec	306,000	(288,000)	62.8	(6.9)	10.0	(13.0)
Delyn Packaging	Feb	406	(251)	18.8	(11.4)	3.5	(3.0)
Dencora	Dec	1,820	(1,050)	8.1	(7.8)	2.5	(2.0)
Downiebrae Hldgs	Dec	88	(234)	1.0	(2.6)	0.5	(1.3)
Falcon Ind	Dec	684	(232)	—	(—)	—	(—)
Farnell Elec	Feb	23,450	(22,070)	11.9	(10.6)	2.8	(2.2)
Feedex	Dec	736	(904)	2.9	(4.1)	1.5	(1.5)
Fosecco Minsep	Dec	28,400	(35,100)	14.3	(23.8)	9.2	(9.0)
FR Group		16,800	(13,300)	17.7	(14.4)	3.8	(—)
Gee Cecil	Jan	1,740L	(510)	—	(5.8)	1.0	(2.3)
Highcroft Inv	Dec	490	(392)	5.9	(4.4)	2.4	(2.1)
Jones Group	Dec	3,410	2,770	19.6	(17.0)	8.5	(8.0)
Inchcape	Dec	86,100	(46,200)	30.2	(20.4)	21.0	(18.1)
Lancs	Dec	543	(249)	3.3	(1.8)	0.5	(0.4)
Leisure Time Inv	Dec	108	(477)	1.1	(6.9)	1.7	(2.3)
Liberty	Dec	3,960	(3,500)	35.2	(29.3)	9.0	(7.8)
London Ent	Dec	252	(185)	5.0	(3.5)	—	(—)
Macdonald Martin	Dec	2,220	(1,730)	68.7	(52.7)	19.0	(17.5)
Mansell R.	Dec	1,630	(1,460)	7.4	(6.5)	—	(—)
Martin Ronald	Dec	1,500	(904)	11.9	(7.4)	4.0	(—)
Menzies John	Jan	22,700	(19,070)	24.9	(19.7)	4.6	(4.0)
Melynx	Dec	386	(243)	6.5	(—)	1.5	(1.5)
Moss Bros	Jan	1,320	(1,210)	25.5	(25.0)	6.3	(5.7)
Noble & Lund	Dec	403	(474)	5.0	(6.0)	1.0	(0.7)
Off & Elec Mach	Dec	911	(2,541)	—	(—)	8.5	(8.5)
Plumb Holdings	Jan	1,450	(520)	7.3	(2.8)	1.5	(—)
Repner	Dec	5,500	(6,400)	10.1	(14.7)	4.0	(6.2)
Scott & Robertson	Dec	1,560	(1,110)	17.3	(11.7)	3.5	(2.7)
Shiloh	Mar	1,350	(486)	—	(—)	4.0	(2.7)
Slingsby H. C.	Dec	224	(286)	14.2	(20.2)	4.0	(4.0)
Southend Stadium	Dec	209	(51)	—	(—)	—	(—)
Systs Reliability	Dec	2,830	(3,200)	15.9	(16.9)	5.0	(5.0)
Tarmac	Dec	170,500	(126,170)	25.7	(28.2)	11.1	(9.4)
Tesco	Feb	178,500	(131,200)	29.5	(21.1)	7.3	(5.8)
Tootal	Jan	30,200	(27,090)	10.4	(9.4)	4.2	(4.0)
Upton E.	Jan	150L	(202)L	—	(—)	—	(—)
Vert Jacques	Dec	3,120	(580)	21.6	(11.5)	—	(—)
Walker Grnbank	Jan	4,030	(2,530)	5.1	(3.1)	2.4	(—)
Walker Jo	Dec	281	(168)	—	(—)	5.5	(4.0)
Ward Group	Dec	3,300	(2,310)	10.3	(5.9)	—	(—)
Williams Rex	Nov	204	(192)	1.5	(1.4)	0.9	(0.9)

Sheer socks appeal

OFFERS for sale are few and far between on the USM these days. Thus in a climate in which the arrival of any offer for sale is welcome, the appearance of a company as apparently attractive as Sock Shop is doubly so.

Ostensibly, Sock Shop looks like the paradigm of a USM growth stock. A neat market niche combined with an appealing public image and frenetic growth is an attractive combination. The switchboards at both Sock Shop itself and Capel-Cure Myers, its brokers, have been buzzing ever since the news first broke that the company was considering going public.

The quid pro quo is the share price. As the broker to the conspicuously successful Body Shop (once a USM growth stock) Capel-Cure Myers is well aware of the appeal of chic "niche" companies. Thus for Sock Shop, it has plumped for a heady prospective p/e of 24.2. Is it worth it?

Like almost every aspirant growth stock Sock Shop has an entertaining tale to tell. The company was founded four years ago by Sophie Mirman and her husband Richard Ross. Mirman had worked her way out of the Marks and Spencer typing pool into retail management; Ross had qualified as a chartered accountant at Stoy Hayward. They met at Tie Rack, the specialist retail chain.

Within 18 months Tie Rack established a group of 15 shops. The company was owned by a European financial consortium; neither Mirman nor Ross had a share of the equity. In early 1983 they decided to use their experience of specialist retailing, gleaned at Tie Rack, to set up their own business.

It was Mirman who devised the concept for the first Sock Shop, a shop selling everyday necessities—socks, tights and stockings—in bright colours and jolly designs. The only problem was money. Mirman and Ross had an idea and experience, but no capital. They spent weeks hauling their business plan around the City. No one was prepared to invest £40,000 in the business in return for a 49 per cent holding.

Sock Shop eventually secured launch capital from the Government's Small Firm's Loan Guarantee Scheme. The first shop opened in Knightsbridge in April 1983.

In the early days Mirman and Ross did everything themselves, from serving in the shop to cleaning it, even cycling off to collect merchandise.

Four years later Sock Shop has established a network of 43 units across the country. After the flotation it will be capitalised at £27.5m. In the last financial year to September 30 1986, the group made pre-tax profits of £773,000 on turnover of £6.17m with an average of 22 shops; this year it should make £1.65m on £12.5m with 43 units.

Junior Markets

The staple formula — of small units selling stylish socks, tights and stockings in prime locations — has remained the same. Sourcing has, however, been refined. In the early days Sock Shop bought directly from manufacturers. As the business has grown it has introduced its own in-house designers.

What of the future? Sock Shop still has lots of scope within the UK. Given that it uses such small units, new shops tend to be easy and inexpensive to find. Half of the proceeds of the flotation will be invested in the company, accelerating expansion to between 55 and 60 units by the end of this year.

There is also lots of scope for growth. Because socks and tights are an everyday necessity, there are countless towns which could support a Sock Shop, while individual cities could cope with more than one unit.

In the longer term the company is considering expansion overseas by "exporting" its formula to other countries. Sock Shop has even appended "International" to its name in anticipation. But unlike Body Shop it has no overseas interests at the time of flotation. Mirman and Ross have also pondered setting up a parallel business within specialist retailing in the UK.

What of the drawbacks? The obvious worry is that stripy socks and spotty tights will go out of fashion. Sophie Mirman dismisses this: having sampled stylish hosiery, she says, women will never be content with boring beige tights again. Moreover, as fashions change, so can Sock Shop. It has already followed the trend away from lacy tights to sheer stockings.

The seasonal nature of the business poses a parallel problem. Sock Shop can counter this with selling accessories. In the early days it favoured leotards and footless tights, then the aerobics craze fizzled out and it switched to jolly boxer shorts.

Another cause for concern is the risk of competition. For the same reasons that Sock Shop finds it easy to expand, it would be relatively cheap to set up a "clone" competitor. But Sock Shop occupies a neat middle market niche, and it is difficult to see how a new business could fulfil the same role—and do it better.

Perhaps the most pertinent problem is the relative inexperience of the management team. For the first three years Mirman and Ross fulfilled almost all the management functions themselves. In the last year or so, in preparation for flotation, they have drafted in new middle managers. But it remains to be seen whether the Sock Shop formula will be as successful within a larger, less entrepreneurial venture. This problem could be compounded as the group expands further.

That said, most City analysts seem more than happy with the group's prospects. Paul Deacon of Scrimgeour Vickers, like lots of his fellow analysts, went along to meet the company feeling almost determined to find fault.

"But just think of the potential," he says. "Suddenly a p/e of 24.2 does not seem so pricey after all."

Alice Rawsthorn

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 high	1987 low	
FT Ordinary Index	1,626.9	+46.0	1,626.9	1,320.2	Base rate cuts/election fever
Aberdeen Construction	227	−48	276	222	Disappointing annual results
Beecham	544	+48	584	437	Eminase drug launch in W. Germany
BP	323xc	+24	326	238	Increase in oil reserves
British Telecom	290	+13	291	209	Tory election victory hopes
CRA	427	+27	469	282	Strong gains in metal prices
Combined English Stores	360	+83	367	205	Bid from Ratners
Davies and Newman	428	+115	478	263	Bumper preliminary figures
Delyn Packaging	375	+60	375	186	Good annual results
Extel	509	+26	558	413	Bid from United Newspapers
GRA	124	+15½	126	73½	Awaiting bid developments
Gold Mines Kalgoorlie	423	−90	568	145	Profit-taking
Hillards	345	+11	345	172	Increased bid from Tesco
INOCO	56	+11	57	42	Deal with London and Suburban
ICI	£13½	+ 1⅛	£14⅛	£10⅞	First-quarter profits exceed estimates
Lec Refrigeration	348xd	+43½	356	248	Amstrad bid speculation
Norcros	378	−37	450	256	Williams Hldgs bid lapsed
Reed International	442	+60	457	303	BZW "buy" circular
Southend Stadium	598	+75	600	312	Good annual results
Triplex	170	+43	170	117	Hilldam Coburn acquisition

Half is no surprise

TRAFALGAR HOUSE, the diversified industrial conglomerate, will report interim earnings sharply down, next Wednesday. This will come as no surprise to the City, which was warned of this last December, and down-rated the company's share price accordingly.

The City is expecting Trafalgar to report reduced earnings across the whole range of Trafalgar's businesses. For this half, pre-tax earnings from property and investments, construction, shipping and aviation, and oil and gas are expected to be either down or flat.

Last May Trafalgar reported pre-tax profits of £72.7m. This time, analysts expect pre-tax profits in the range of £54m to £57m, with some slightly higher at £60m.

Strong sales, an improvement in margins and a recovery in European trading are expected to buoy up MARKS & SPENCER, Britain's biggest retailer, when it reports its full year resaults next week. Even the company's Canadian weak spot is expected to do better.

The City is expecting pre-tax earnings in a range of £410m to £420m, with most opting for £415m, a 13.4 per cent improvement on 1985.

HARRIS QUEENSWAY, the stores group, is expected to show pre-tax profits, excluding property transactions, of about £45m when it announces its results for the year to the end of January, next Thursday. That compares with £36.9m for the 13 months to January 1986, but the earnings growth will be less impressive because of the issue of new shares for acquisitions.

Results due next week

The electricals division has found the going tough in the face of strong competition from Dixons and Rumbelows, but furniture sales have also been slow. Analysts will be looking for guidance on the progress of the Times Furnishing and Home Charm stores, acquired from Great Universal Stores last May.

ROYAL BANK OF SCOTLAND was hit by bad debt provisions in its last full year, and analysts expect further charges to have held back progress at the interim stage.

Last week's unexpectedly good figures from the Bank of Scotland suggest that RBS's domestic banking business will have been boosted by strong consumer volumes at reasonable margins, and it is also thought to have taken modest profits on property sales. On the other hand, investment gains will probably be down.

Uncertainty over the level of bad debt charges has left profit forecasts ranging broadly from £97m to £104m

Beset by adverse currency movements, and besieged by doubts as to whether the PCW syndicate's names will accept the Lloyd's Council's settlement proposals (deadline May 30), insurance broking group MINET has been finding it hard to do much more than tread water over the past year.

The City expects that Minet will reveal, at best, a 10 per cent rise to £33m pre-tax for 1986 when it reports on Tuesday. Exceptional provisions could wipe £3m off the pre-tax figure.

In the first nine months of 1986 underwriting profits dropped 60 per cent, while broking was ahead 11 per cent —a picture the full-year figures are likely to reflect. Analysts (and major shareholder Corroon and Black, of the US) will be keen to see whether there has been progress on the overheads' front.

ST IVES, the acquisitive book and magazine printer, should produce pre-tax profits of just over £5m when it reports its first half outcome, on Wednesday.

The group's rapid expansion since its stock market debut in September 1985, to its present status as the UK's second largest magazine printer (behind Mr Robert Maxwell's dominant BPCC), has already seen the purchases of Richard Clay and Chase Printers.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Ambrose Inv. Trust	Tuesday	3.4	6.4	3.5
City of Oxford Inv.	Wednesday	2.5	5.5	3.0
Davies and Metcalfe	Wednesday	0.5	1.8	0.6
Fleming Far Eastern	Thursday	0.2	0.8	0.2
German Smaller Co. Inv.	Wednesday	—	1.1	—
Harris Queensway	Thursday	1.4	3.6	1.7
Holt, Joseph	Tuesday	3.5	12.5	4.0
Holt Lloyd Intl.	Thursday	1.6	2.3	2.0
Hopkinsons Holdings	Tuesday	2.0	5.5	2.7
King and Shaxson	Thursday	2.5	6.2	2.8
Marks and Spencer	Wednesday	1.2	2.6	1.4
Minet Holdings	Tuesday	3.4	4.6	3.4
Nurdin and Peacock	Wednesday	1.6	2.4	2.0
Silentnight Holdings	Tuesday	—	1.0	1.0
Smallshaw, R. Knitwear	Wednesday	0.7	2.0	0.7
Smith St Aubyn	Thursday	0.5	0.5	—
TDS Circuits	Wednesday	—	2.0	—
Usher-Walker	Thursday	2.2	5.1	2.4
Wace Group	Tuesday	—	—	—
Windsmoor plc	Wednesday	—	—	—
INTERIM DIVIDENDS				
Barton Transport	Friday	—	22.0	
Capital Radio	Wednesday	—	—	
Drayton Consolidated	Thursday	2.7	8.0	
Fundinvest	Tuesday	2.7	4.8	
Newmarket Co.	Wednesday	—	—	
Perkins, John (Meats)	Tuesday	0.6	0.6	
Redfearn Nat. Glass	Wednesday	1.5	4.5	
Royal Bank of Scotland	Wednesday	4.0	6.8	
Trafalgar House	Tuesday	5.2	7.0	

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.50	3.56	2.68	1.95	monthly	1	—	0-7
High interest cheque	6.00	6.14	4.62	3.36	quarterly	1	1,000-4,999	0
High interest cheque	6.50	6.66	5.02	3.65	quarterly	1	5,000-9,999	0
High interest cheque	6.70	6.87	5.18	3.76	quarterly	1	10,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	12.25	9.53	7.18	5.22	monthly	2	2,000-100,000	90
Deposit bonds	12.25	8.94	6.74	4.90	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.10	7.23	5.44	3.96	half yearly	1	2,500 minimum	0
Schroder Wagg	6.59	6.79	5.12	3.72	monthly	1	2,500 minimum	0
Provincial Trust	7.53	7.79	5.87	4.27	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.58	6.47	5.06	3.89	half yearly	4	—	0
10pc Treasury 1990	8.76	6.12	4.36	2.89	half yearly	4	—	0
10.25pc Exchequer 1995	9.00	6.35	4.58	3.11	half yearly	4	—	0
3pc Transport 1978-88	6.54	5.70	5.15	4.68	half yearly	4	—	0
2.5pc Exchequer 1990	6.46	5.73	5.24	4.84	half yearly	4	—	0
Index-linked 1990¶	6.65	6.10	5.74	5.44	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; Immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied London	Dec	1,770	(1,440)	0.2	(0.1)
Daks Simpson Grp	Jan	1,860	(1,550)	2.2	(1.7)
Ensign Trust	Mar	1,680	(1,780)	—	(—)
Five Oaks Inv	Dec	563	(174)	—	(—)
Gleeson	June	5,660	(—)	1.9	(1.6)
ICI	Mar†	334,000	(123,560)	—	(—)
Jessups Advances	Dec	644	(454)	1.7	(—)
Lyles S.	Dec	366	(260)	(2.7)	(2.7)
Majestic Inv	Mar	1,030	(1,290)	2.0	(2.0)
Memory Computer	Dec	78	(52)	—	(—)
MMT Computing	Feb	450	(264)	2.2	(1.8)
Nat Home Lns Cpn	Mar	4,100	(1,150)	2.6	(0.7)
Nelton	Jan	197L	(639)	0.5	(0.5)
Prestwick Hold	Jan	851L	(2,221)L	—	(—)
Rodime	Mar	2,050L	(1,280)	—	(—)
Rosehaugh	Dec	6,020	(1,600)	—	(—)
Sac Intl	Feb	1,400	(746)	1.0	(0.6)
Scot Met Property	Feb	3,720	(3,320)	1.9	(1.8)
Talbex	Jan	463	(143)	—	(—)
Tate and Lyle		40,200	(36,100)	9.0	(8.0)
Tricentrol	Dec†	1,000L	(1,300)L	—	(—)
Utd Spring & Steel	Mar	866	(980)	0.6	(0.5)
Virgin Group	Jan	18,500	(12,380)	0.8	(—)
Wellcome	Feb	81,200	(6,080)	0.8	(0.8)
WSL Holdings	Feb	1,250	(159)	—	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † First quarter figures. L Loss.

RIGHTS ISSUES

Associated Book Publishers—To raise £11m through a one-for-five rights issue 4.78m shares will be issued at 240p.

J. Crowther—Plans to raise a £57.1m through a two-for-nine rights issue and a convertible stock issue; £37.4m will be raised through the rights issue 21.53m shares will be offered at 180p.

Phoenix Timber—Is raising almost £4m through a one-for-three rights issue at 110p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Ardmore Petroleum—Third market placing of 21.5m shares at 10p.

Bonded Laminates Profiles—USM placing of 2.2m shares at 77p.

Celorgen—Is to raise £950,000 via a placing and offer, 3.7m new shares have been issued at 29p.

Celergraphic—USM placing of 3.39m shares at 125p.

Computer People—Is to seek a stock market quotation through a mini offer for sale which will value the company at £20m.

Crown Eyeglass—Third market placing of 400,000 shares at 125p.

Estates and General—To raise 7.5m through the issue of further debenture stock.

Select Appointments—USM placing of 2.08m shares at 135p.

Sock Shop—USM placing of 3.92m at 125p a share.

UDO—Share placing of 3.32m new shares at 185p.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Ang Nordic Hldgs¶	31½*‡	38	23½	2.99	Smith (F. L.)
Apex Prop	135*§	130	145	14.54	Randsworth Tst
Avana Group	800†§	796	480	279.36	RHM
Brit Car Auction¶	226¼§	228	236	177.14	Hawley Group
Browns (C.)					
Car Parts¶	316*	311	270	18.06	Woolworth Hldgs
Centrovincial Ests	443	338	278	69.54	Gilbert House
Chkpnt Europe	386	375	270	15.52	Britannia Sec
Comb Eng Stores	377	362	322	295.92	Ratners
Conscp	620	614	515	132.43	Atlantic Computer
Contibel	278*§	294	293	395.20	Tractebel SA
Crown House	312	303	235	84.46	Coloroll
Datasery	174	180	200	57.24	Bell South Corp
Debron Invs¶	72*§	71	49‡‡	17.05	Interface O'seas
Exco Intl¶	340¼§	350	203‡‡	816.80	Brit & Comm
Europn Ferries¶	147¼	140	281	341.80	P & O
Extel	477	510	514	243.18	United Nwspprs
Garnar Booth	255*§	264	254	24.67	Hillsdown
Garnar Booth	261	264	243	25.25	Pittard
Gould (L.)	190¼	175	180	3.95	Robertson Res
Hillards	387	345	223	181.12	Tesco
Home Farm¶	192½	200	113‡‡	8.90	Sutherland (E. T.)
Horizon¶	201½	199	164	100.54	Bass
Intl Leisure	200*	194½	178	103.28	Hudson Pl Invs
Johnsn Brne Ind	445*§	565	426	9.50	Bugge Eind A/S
London & Nthn	93½	92½	80½	104.12	Evered
London Pk Hils	827	805	700	46.51	Mount Charlotte
Miles 33	673	643	333	31.64	UEI
Mitchell Somers¶	280½	274	222½	45.22	Eagle Trust
Municipal Props	£38¼	£35	£24	18.42	Merivale Moore
Nationwide Lsis	77½*	77½	77	8.30	Inspec E. & E. Grp
Neraxk Systems	254½	244	247	9.47	Spong
Peerless	200	199	175‡‡	28.04	Newman-Tonks
Sarasota Tech	269	265	107	50.21	Peek Hldgs
Scott Greenham	255½	252	195	74.10	BET
Standard Secs	324	310	240	37.36	Local London
Superdrug	711¼	699	480	240.36	Woolworth Hldgs
Thermax¶	182	223	175‡‡	21.18	Haywood Wms
Trade Prom Servs	318½	297	251	18.56	EMAP
Utd Leasing	265*	261	231	38.28	Inspectorate EAE
WSL Hldgs	225	219	203	47.86	Granada

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 1/5/87. †† At suspension ‡‡ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ## Suspended.

• MARKETS •

Confused signals

BOND MARKETS this week have tossed and tumbled with every portentous smoke ring rising from the cigar of Mr Paul Volcker, chairman of the Federal Reserve Board; but equity investors have taken the tribulations of US monetary policy and the dollar largely in their stride.

Although the trading from one minute to the next on Wall Street appears these days to be entirely dependent on the action in the bond and currency markets, a slightly longer time horizon reveals a very different scene. As a result of the panic in the foreign exchanges unleashed a month ago by the US-Japanese trade confrontation over semiconductors, the Treasury's 30-year long bond has fallen more than 12 per cent, from a peak of nearly 100 at the end of March to less than 88 this week.

The Dow Jones Industrial Average, meanwhile, is less than 5 per cent below the all-time high of 2405.54 it hit on April 6. Thus it is clear, at least in retrospect, that while the directions of the movements in the two markets have almost invariably coincided, the magnitude of dips and rises has *differed greatly between stocks* and bonds. There has, in fact, been an almost diametric contrast between investors' attitudes to the gyrations in the two markets.

When bonds have fallen, the price decline has tended to be viewed as yet another selling signal, a confirmation that the long-term bull market in bonds is definitely past its peak. When equities have followed bond prices downwards, on the other hand, investors have seen it as an opportunity for buying.

The rush of bargain hunters back into the market in the immediate aftermath of every setback has put a solid floor beneath the Dow Jones average. And it has seemingly confirmed that the great bull market in equities continues to stand firmly on its feet. There are, as usual, two opposing ways of looking at this pattern of behaviour. The first is to assume that there is some underlying

Wall Street

economic rationale behind the patern of divergence between the bond and equity markets' movements. In this case, a rationalisation is not hard to find.

A falling dollar will tend to accelerate inflation; it will encourage the Fed to tighten monetary policy; and the capital *losses sustained in the currency* markets could more than offset the benefits of the gap in interest rate between America and Germany or Japan.

However, a currency decline can look entirely from the equity trading pitches. While higher interest rates produced by tighter monetary policy and capital losses in the foreign exchanges are certainly unwelcome possibilities, there are two extra factors which equity investors must consider: the impact of higher inflation and a weaker currency on corporate profits.

The quarterly results season of the last two weeks has thrown up ample evidence of how the benefits to equity investors from these two factors can offset the macroeconomic problems which have Mr Volcker and his followers in the bond market so worried.

One after another, American manufacturing companies which have been struggling to turn a profit in competition against the Japanese have demonstrated the way that currency devaluations and higher product prices can flow directly to the bottom line. The most spectacular example of the week came from Ford on Wednesday, when it announced a profit of \$1.5bn after tax for the first quarter.

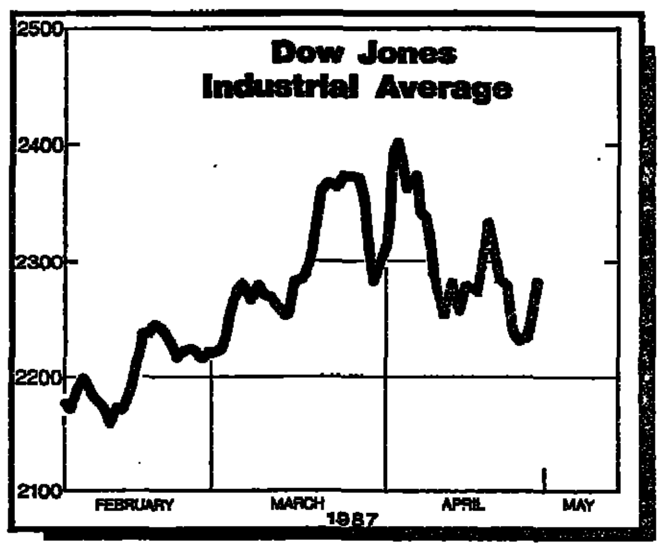
This extraordinary result, which was more than double the previous year's figure, far exceeded the most optimistic *analysts' forecasts.* More importantly, it has convinced investors that the whole US motor industry is likely to do far better this year than previously expected, in spite of the disappointing earnings announced by General Motors last week and this week's indifferent report from Chrysler.

As a result Ford's share price has jumped more than 12 per cent on the week, GM has advanced 4 per cent and Chrysler has gained nearly 18 per cent. And where the US motor industry leads, the rest of the manufacturing sector may well follow.

For months now, market watchers have been worrying about an imminent correction in the almost straight-line rise of the Dow Jones Industrial Average. That worry in itself has been regarded as a *bullish* psychological factor; for it is an old investment saw "scepticism is what bull markets are made of."

Today, that scepticism is rapidly disappearing, as more and more analysts convince themselves that the slight downturn in equity prices during the past few weeks has brought the market back down to earth.

But does an almost painless dip of 5 per cent in a bull market that has more than doubled constitute the long-dreaded correction? Or are investors now entering on the most complacent phase which comes at the top of every bull market —the phase which Mr Jim Grant, an unrepentantly bearish bond analyst, has aptly described as "bottom fishing at the top?"



MONDAY	2230.54	− 4.83
TUESDAY	2231.96	+ 1.42
WEDNESDAY	2254.26	+22.30
THURSDAY	2286.36	+32.10

Anatole Kaletsky

Sails lose wind

A MONTH ago, Hong Kong's stockbrokers were toasting the prospect of the Hang Seng index reaching the 4,000 level before 1987 is out. Today, it is a brave broker who puts bets on it passing 3,000.

Ironically, the fundamentals of the Hong Kong economy—and the companies that are listed on its stock exchange—have if anything changed for the better. Forecasts of economic growth, as measured by Gross Domestic Product amounting to 6.5 per cent, appear increasingly conservative as the territory's export performance continues to outpace all predictions.

Inflation remains below 4 per cent, unemployment is negligible, real wages continue to rise. Corporate profits rose by an average of well over 30 per cent in 1986, and evidence of full order books already stretching into autumn suggests that similar increases may be expected this year. Low interest rates continue to encourage home-ownership—and are keeping the property sector buoyant.

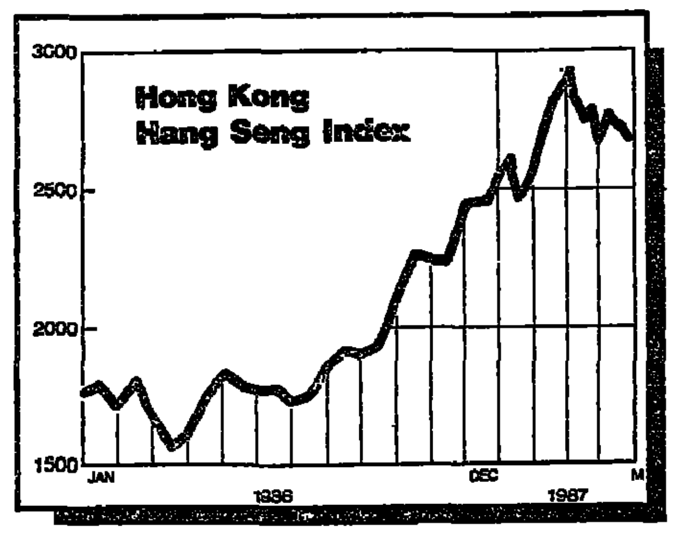
Such fundamental strengths, at the beginning of March, pushed share prices to record highs, with the Hang Seng index bounding to 2939 with apparent ease. Investors were boasting of gains of more than 16 per cent from the beginning of the year; 85 per cent from March *1986.*

A mere month later, the mood is entirely different. At yesterday's close the Hang Seng index was holding steady at 2685.37; it had tested the 2600 level earlier in the week. Trading volumes on the stock exchange have slumped from an average of more than HK\$1bn a day to less than half that.

Analysts blame a wide range of factors for taking the wind out of the market's sails. Threats of a trade war between the US and Japan have prompted fears that an exporter like Hong Kong would inevitably be caught in the crossfire.

Foreign institutions have also appeared reluctant, since the Easter bank holiday break, to commit new funds to the Hong Kong market—where they are already heavily over-weighted As the US dollar has continued to slip against other important international currencies, taking the Hong Kong unit with it, so Hong Kong dollar-denominated shares have fallen in value for many foreign investors.

Most are waiting for the US dollar to stabilise before committing fresh funds to the Hong Kong market, hoping to



ensure that share price gains are not eroded by exchange conversion losses.

Local factors have also served to puncture confidence. Controversy in the stock exchange—in particular over the plans of a number of companies to create two-tier share structures—affected the mood. So too did proposals from Mr Li Ka-Shing to restructure his subsidiary, Hongkong Electric.

This reorganisation—which involves hiving off the non-utility operations of Hongkong Electric into a new subsidiary to be controlled by Hutchison Whampoa—had been widely

Hong Kong

anticipated by stock market operators. However, those who pushed share prices forward, in anticipation of generous windfall profits arising from the reorganisation, were dismayed at the frugal pickings that actually materialised. Share prices slumped back, with a chorus of emotional charges thrown in Li Ka-Shing's direction.

Another notable depressant is a queue of company flotations and rights issues that by the end of May will have drawn more than HK\$11bn out of the equity market.

The Hongkong Bank has mounted a rights issue intended to raise HK\$3.3bn, while an issue from Evergo Industrial raised HK\$1bn. One from Jardine Strategic Holdings raised HK\$2.6bn, and one from Honkong Land is calling for HK\$1.5bn.

After the companies themselves have taken up their rights, the public will be expected *to* find *about* HK\$9.2bn—with HK\$6.5bn of this being fundable out of dividend payments. In a more bullish market, such a drain on it might have been shrugged off with ease. But in the present uneasy mood it has served to compound investor worries.

Political uncertainties have also unsettled sentiment. Turbulence in Peking as the leadership wages a campaign against "bourgeois liberalism" has brought investment in China to a standstill—and raised doubts over Pekings promises that it will not interfere in the territory once it regains sovereignty in a decades time.

Controversy over the introduction of more representative government in Hong Kong (which is likely to heighten in advance of the publication, late in May, of a Green Paper on political *reform*) has pitched conservative business barons against Hong Kongs technocratic middle classes. This has rekindled talk of capital flight, of a brain drain in the territory, and of Janus-faced entrepreneurs who claim they have full confidence in the territory's future while at the same time diverting funds overseas.

All of these destabilising factors would have been shrugged off a month ago. It may well be that in a month's time they will be shrugged off again. But, for the time being, they have provided a plentiful supply of fuel for the territory's *depressive market operators.*

The crux appears to be the state of the Japanese stock market, and the investment institutions of the international institutions. Most local stockbrokers remain convinced that share prices remain firmly underpinned, with strong corporate performances, low levels of corporate indebtedness, and modest price/earnings ratios. As such, they remain confident that it is only a matter of time before share prices begin to climb again.

The impetus that would have taken the Hang Seng index to the 4000 level is no longer apparent. But for investors content with more modest gains, the Hong Kong market probably still offers considerable promise in the months ahead.

David Dodwell

Pieces of silver...

WALTER MITTY, the proverbial day-dreamer, could have made a fortune in metals this week. Picking up the telephone on Monday, he would have put all his money into silver in the morning at about \$9 an ounce.

He would have anticipated the rush of investment which drove the metal to a peak of over \$11.25 at lunch-time, and he would have sold out in time for a celebratory port, watching fellow investors scrambling as the price fell below \$7.50 an ounce in the afternoon.

Then, Mr Mitty might have turned his attention elsewhere, to gilts, eurobonds or Old Masters at Christie's.

By Tuesday morning it would have been too late to follow Mr Mitty's example. Silver steadied around \$8 an ounce—still substantially higher than its low in March of \$5.55.

The lesson of this week is not how easy it is to make money when precious metals prices start moving, but how difficult. Even professional traders can be badly hit by the extreme price swings.

However, investors have the safer option of buying shares in silver-producing companies. Unlike gold, where there are hundreds of possible stocks, the number of silver miners is limited to about a dozen com-

Resources

panies. The most important are *listed in the table.*

The best-known silver shares are probably Hecla Mining and Sunshine Mining, both US companies, with mines in Idaho. Each group closed its major silver mine last year because of low prices. There are hopes that the mines might reopen *if higher prices are sustained* and new cost-cutting labour contracts are negotiated.

However, brokers are wary of Sunshine because of an ill-timed move into energy which has saddled it with heavy debts.

Hecla is more popular, not least with Douglas Newby of Morgan Grenfell Securities, who says it is "the most attractive silver play in North America."

It is worth bearing in mind that several silver companies are also important gold producers, so their shares reflect the recent surge in the gold equity markets. Hecla falls into this category. So does Agnico Eagle, a highly-regarded Toronto company, which has stockpiled silver to wait for better prices.

Equity Silver mines silver, gold and copper in British Columbia. Majority-owned by Placer Development, the highly-successful Vancouver company, it has a premium rating in the stock market for its management.

As the table shows, United Keno Hill, 38 per cent of which is owned by the Canadian nickel company Falconbridge, offers investors the highest amount of silver production per £1,000 invested in the shares. This is a good measure of a company's exposure to silver—the higher the figure, the more sensitive the shares are to the silver price.

This works both ways. A safer option is another small *producer, Coeur d'Alene, which* is opening a silver and gold mine at Rochester, in Nevada. David Morgan, who follows North American stocks for Shearson Lehman Brothers, says it is the best "pure precious metal play."

Finally the two largest com*panies in the list should not be* ignored. Asarco and MIM Holdings, which have extensive cross-holdings in each other, are diversified groups. The importance of their silver output—particularly high in the case of Asarco—tends to be ignored because heavy debts have pushed both companies into loss in the 1980s. However, both are beginning to get over their difficulties and the shares have risen strongly in the past year.

	Market capitalisation £m	Annual output m. oz	Ounce of silver per £1,000 invested
Agnico Eagles	245	1.7	6.9
Asarco	525	22	41.9
Coeur d'Alene	157	4.9	31.2
Equity	201	6	33.5
Hecla	225	8*	28.1
MIM	885	15	16.9
Sunshine	299	6*	20
United Keno	24	1.9	80

* *Assumes shut-down operations reopen this year.*

Stefan Wagstyl

Hugo Dixon on the effects of falling interest rates

Credit card cuts

MOST BUILDING society savings rates are coming down over the weekend; two of the large clearing banks decided on Wednesday to cut the rates they charge for credit card borrowings; and the benefit of lower mortgage rates started to be felt by homeowners yesterday.

These across-the-board reductions in interest rates are partly the result of this week's fall in the bank base rate from 10 to 9.5 per cent. But they are also a delayed reaction to the full point reduction in base rates in March.

The new structure in interest rates has yet to settle down. Some institutions still have to respond to the one and a half point base rate reduction which has already happened, and it is quite possible there will be further falls in base rates prompting further reactions in the near future.

The most unexpected of the upheavals of the past week was the decision by Midland Bank and Lloyds Bank to reduce the interest charge on Access credit card borrowings from 2 per cent a month to 1.75 per cent and 1.8 per cent respectively — equivalent to a cut in the annualised percentage rate from 26.8 per cent to 23.1 per cent and 23.8 per cent.

The last cut in credit card rates was in 1984, when they were reduced from 2 per cent to 1.75 per cent, only to be increased again to 2 per cent in 1985.

Barclaycard, NatWest Access, Trustcard and other bank credit card issuers are expected to follow Midland's lead. However, there are no signs of a price war in the credit card market with banks aggressively undercutting one another to buy market share.

The 3.7 percentage point fall in Midland's annual rate looks large in comparison with the one and a half point fall in base rates. But the new rate still gives the bank a hefty margin of 13.6 points above base rates.

Building societies have plumped for a fairly uniform one percentage point drop in investment rates. A few societies, however, have taken the opportunity afforded by the rate changes to increase the incentive for investors to deposit with them large balances.

The Alliance & Leicester Building Society, for example, has reduced the rate it pays on its Prime Plus account, which requires three months' notice for withdrawals, one point to 8 per cent net for amounts of between £500 and £2,499.

The rates on amounts between £2,500 and £9,999 have been reduced by 0.70 points to 8.50 per cent, and on higher amounts by only 0.55 points to 8.75 per cent.

As a result of the rate changes, the rates a typical building society investor can expect to get on an investment of £500 are: 5 per cent in an ordinary share account; 7 per cent in an ordinary share account; and 7.75 per cent in a 90-day account.

The rates will be higher for larger investments. Some of the smaller societies, or those who have yet to bring down their rates, may also pay more.

However, although building society investment rates have come down, they are probably more competitive. National Savings, societies' traditional competitor in the retail savings market, decided to cut its rates by around 1.75 points last month.

Although most mortgage rate reductions only came into force yesterday, the decisions to lower them had been taken before the recent cut in base rates. They were a response to the earlier one point fall in March.

However, societies have no plans to reduce their mortgage rates further because they had anticipated the recent half point cut when they cut their rates one point to 11.25 per cent.

Homeowners will therefore have to wait for yet another fall in base rates before they can hope for further drops in their mortgage payments.

NET SAVINGS AND CREDIT CARD RATES

Institution	Product	New rate	Old rate
Building society	Share account	5.00	6.00
	Instant access	7.00	8.00
	90-day	7.75	8.75
National Savings	Fixed rate certificates**	7.00	8.75
	Investment account*	10.00	11.75
	Income Bonds*	10.5	12.25
Midland	Access***	1.75	2.00
Lloyds	Access***	1.80	2.00

Rates are yearly, net of composite rate tax, except those products identified by *, which pay interest gross and **, which are tax free.

*** Credit card interest rates are paid monthly.

The Woolwich Equitable's rates are taken as the model.

New index welcome

LAST MONTH saw a notable landmark in the Financial Times with its provision and coverage of stock market indices with the publication of the FT-Actuaries World Index.

This index series provides by far the most comprehensive coverage of equity markets world wide yet produced. A glance at page XX of today's paper shows the extent of the coverage provided.

The index is the product of a combination of skills contributed from actuaries, various investment experts and the Financial Times to produce a series capable of meeting the demands of investment specialists.

As a result, it has been welcomed by the investment industry not only in the UK but also worldwide. In particular, those involved in portfolio performance measurement are very enthusiastic about it. But there is one exception—those responsible for unit trust performance.

Readers will be familiar with the tables which monitor unit trust performance. They look impressive, yet the actual analysis is extremely shallow compared with the in-depth professional treatment given to pension fund performance.

Those responsible for these tables rely entirely on stock market indices when relating the performance of a trust to the equity market in which it operates and one would have thought they would welcome this development.

Indeed, the new style Unit Trust Monitor from World Investor has taken a major advance in this field by showing the performance of trusts relative to the market in which it operates using indices as representing the market.

Yet WI editor, James Wootten, points out that there are some funds for which the portfolio does not correspond to a market index.

The FT-Actuaries World Index series goes a long way to meeting this problem.

Indeed, all the information is there for virtually any comparison, if the analyst is prepared to make the necessary adjustments.

The impression conveyed by talking to those groups is that while the publication of the FT-Actuaries World Indices looks an interesting development, they are too busy at present handling the flood of new trusts to spend time looking at the implications of these indices.

The series also has an index presentation worldwide by industrial classification, though these figures are not shown in the Financial Times.

Thus the index is available for comparison of trusts based on specific industries such as bio-technology or health.

The in-built disadvantage of the FT-Actuaries World Index is that it has not been in existence for very long—its base date is December 31 1986 with figures going back another 12 months, so it cannot be used for

However, the information provided, with indices on three currency bases, provides the opportunity for analysts not only to say which fund is top, but what influences the underlying currency position played in getting the result.

Eric Short

Unit trust group to brush up its image

THE UNIT Trust Association has represented the unit trust industry for nearly 30 years.

At its outset in 1958, its primary purposes were to provide a forum for discussion among members; to establish relations with the then regulatqry authorities at the Board of Trade; to collect statistics; and to investigate complaints about unit trust advertising.

The financial sector in those days was an orderly market. Everyone stuck to their last.

Life companies marketed life and pension products. Unit trusts groups marketed unit trusts. Banks stuck to banking. The dividing lines between each type of business were clearly defined, and nobody crossed them.

Now the financial sector is an extremely complex market. Financial institutions are involved in an amalgam of interests, offering a whole range of products to the investing public.

With the advent of the 1986 Financial Services Act, and the proposed new regulatory structure for financial services, the Unit Trust Association has been reviewing its future role. Imbucon Management Consultants was instructed to carry out a study of the association and how it should operate in this new world. Its findings were released this week.

The brief, from members of the association, was to implement the concept of a stronger, more representative association. Members wanted the UTA to assume a more positive role in promoting unit trusts. This role has become even more central in the new environment envisaged for unit trusts, with much wider investment powers.

The overall objectives of the UTA were set out:

- Improve public awareness of unit trusts as an investment medium.
- Enhance its role as spokesman and lobbyist for the industry.
- Provide more information and service to members.

Inbucon's main recommendations to achieve these objectives are:—

- The chief executive officer should have the role and designation of Secretary General.
- The secretariat of the Association should be strengthened.
- More resources should be allocated to public relations, public information, regulatory matters, and providing more technical information to members.
- The UTA's constitution should be changed with a view to widening the representation of members on its Council.

Implementation of these proposals will require more resources from members. These have been pledged—ahead of the report. Now members will be considering the report's findings, over the next few weeks.

E.S.

IN THE NEWS

Pep up plans

A NEW company called the Fleet PEP Club has been formed to market a Personal Equity Plan with a genuine difference. It offers the choice of four different investment advisers—all unit trust management groups: Framlington, GT, Perpetual and Prolific.

Murray Cowles, managing director of the Fleet PEP Club, explained that under existing legislation it was found that the Fleet Friendly Society, which has wide experience in handling tax-exempt funds on behalf of its 13,500 members, is not allowed to be a PEP plan manager or to sell its expertise. So the directors of the society decided to form the Fleet PEP Club, which has received approval from the Inland Revenue as a plan manager.

As well as providing company annual reports, as required, the club will send out a free newsletter every six months to provide a general investment commentary, together with details of the value of each PEP plan.

To join the scheme you have to invest £2,400 a year, the maximum possible under PEP. Of this, 600 will be invested in a unit trust and the remaining £1,800 in up to eight UK companies, selected by the investment adviser you choose.

There is a joining fee of £50, and an initial PEP charge of £25 a year. In addition, there is a management fee of 0.5 per cent o nthe value of the share portfolio. Normal charges will be paid on the unit trust element too, so the total cost involved adds up.

Meanwhile, MIM Britannia, the unit trust group, announced that it is to offer a special Personal Equity Plan through Birmingham Midshires building society.

There will be two schemes marketed through the society's 148 branches. One will be purely a unit trust PEP — maximum of £420 a year — with a choice of two MIM Britannia funds. The other will be a share plan, with a proportion going into unit trusts and the remainder being invested in either a special situations or a blue-chip company portfolio.

Initial charge will be 5 per cent, but those investing before May 31 will receive a 1 per cent discount, making it a cheap way to buy unit trusts.

John Edwards

Housing shares

UNIT TRUST marketing managers are busy re-inventing the wheel when it comes to getting ideas for new unit trusts.

One fruitful source of ideas for UK based funds is the very sector in which these managers operate—the financial sector.

This week Windsor Life's unit trust company turned to the property sector for its latest fund, Windsor Property Share Trust.

Investors may feel that now is not an ideal time for launching any property based fund in the wake of the problems for some of the residential property funds.

However, David Lis, managing director of Windsor Trust Managers, feels that the time is opportune to get into this sector.

He emphasises that the fund will be investing in the shares of property companies, mainly commercial, with the accent on small and with a proven record in property development.

The portfolio will hold shares in residential property companies but this will be small. Lis points out that unlike funds investing directly in property, investment in property shares does not pose any liquidity problems—the fund simply sells shares.

The launch of this new fund conjures up memories of the great debate 15 years ago between property bonds, then at their height of popularity and property shares.

The property bond won that debate hands down. Property bond funds from life companies proliferated, while only a couple of property share funds were launched.

However, with hindsight, investors cannot claim that they made the right decision in investment return terms. Property bonds have been a poor second to equity based funds, though property shares have not done much better.

Even so, as the brochure points out, while the property share sector has on average lagged behind the overall stockmarket, those property companies with enterprising managements have been among the leaders.

Examples are Rosehaugh and London and Edinburgh Trust which have taken advantage of the opportunities offered by changing trends as diverse as out-of-town shopping and the demand for office property in the City of London following Big Bang.

The problem is identifying these opportunities. The property sector in the stock market is closely monitored by specialist stockbroking firms with which Windsor Trust managers has a close relationship.

The strategy of the managers is to have a core holding of long-established companies, particularly those standing at significant discounts, with the remainder of the fund concentrated on smaller development companies.

At the end of the day, as with any investment, the proof of the pudding is in the eating. Windsor Trust managers has only been in the unit trust field for just over a year.

But the track record over the past year of its three existing funds is excellent.

E.S.

Rate cut delay

BIRMINGHAM Midshires Building Society is delaying the planned 1 per cent cut in its mortgage rate by one month, until June 1.

Philip Court, chief executive, claimed that the original decision to reduce the home loan rate to 11.25 per cent on May 1 had been taken when a further ½ per cent cut in the base rate appeared almost inevitable. But it failed to materialise until this week, so many societies had decided to sit on the fence and do nothing.

Although base rate had finally come down, as expected, the society felt it would be "imprudent" for their 750,000 investors to receive only 24 hours notice of a reduction. So it had been decided to maintain both the mortgage rate and the current investment interest rates at the existing level for a further month, when they will all be cut by 1 per cent.

Direct account

A NEW form of personal current bank account that could set a trend for the future is being introduced by Midland Bank and its subsidiary Clydesdale Bank, from May 11.

Called Vector, the package of services to be offered combines an interest-bearing current account; the option to transfer surplus funds automatically into a savings account offering a higher rate of interest; and a special charge/debit card which can be used at all Mastercard retail outlets. Purchases made with the Vector card will automatically be charged each month to the customer's current account, but not until 14 days after the statement is issued.

There will also be a combined Autobank and cheque guarantee card which will allow you to draw out up to a maximum of £500 in cash weekly, and Vector cheques will be cashable at Midland Bank group branch counters up to £200 a day.

Vector customers will be charged a fee of £10 a month for all services, and will be charged nothing extra for items like stopped cheques and extra statements.

All credit balances in the current account will earn interest at a Vector special rate, 5 per cent at present. The savings account for surplus funds, which are transferred automatically each month on a day nominated by the customer, will earn interest at 6.5 per cent.

There will be interest-free overdrafts up to £250, with the option to increase an overdraft to £1,000, paying a special Vector rate of 1.5 per cent per month (APR 19.6).

Michael Fuller, the bank's UK operations director, said the package was aimed at a specific sector — young, self-assured individuals earning good salaries, who did not have the time or inclination to watch every penny in their bank account.

J.E.

A tax on inaction

MUCH has been made of the Government's record in "drawing the teeth" of inheritance tax (formerly capital transfer tax). Inheritance tax can reasonably be described as a "voluntary" tax in that only the estates of individuals that take no action during their lifetime need suffer any significant liability.

However, this should not lull anyone into a false sense of security. There are opportunities to avoid or reduce liability. But for those who choose not to take the opportunities, the tax liability is severe. Inheritance tax starts to bite on estates over £71,000 (to be raised to £90,000 under this year's Budget proposals) and rises progressively to a maximum rate of 60 per cent on estates valued in excess of £330,000.

An individual with a relatively modest house in the south east of England and one or two insurance policies could find that his estate is liable to inheritance tax and that his family will get a lot less when he dies unless something is done to reduce liability.

Perhaps a more potent reason for taking action during one's lifetime is that although the Government has opened a window of opportunity, inheritance tax is more damaging to the family wealth than was capital transfer tax when first introduced back in 1974. Those with long memories will recall that it was Labour's Chancellor Denis Healey who introduced capital transfer tax with the avowed intention to "squeeze the rich until the pips squeak."

Inheritance tax may look more innocent than capital transfer tax but this is just an illusion. Individuals should plan early to avoid this most avoidable of taxes.

The family home is frequently an emotional as well as a valuable asset, and therefore some caution is advised before using it in inheritance tax planning. However, the planning opportunities should not be overlooked, particularly if the family home is the sole or major asset, perhaps with little or no mortgage.

The greatest restrictions on lifetime planning with the family home are the rules covering reservation of benefit. These rules will normally come into play where an individual gives away his home but continues to reside in it. But there are exceptions to these rules and it may be possible to avoid any reservation of benefit where:—

- the individual gives the property to, say, his son and both the individual and the son occupy the property and share outgoings;
- the individual carves out a leasehold interest from the freehold (or a sub-lease out of a head-lease) and gives away the reversionary interest.

A common method of home ownership by a married couple is a joint tenancy under which each spouse has an interest in the whole of the property. On the first death the interest of the deceased spouse automatically accrues to the survivor, despite any wishes to the contrary which may be expressed in a will. It may be better to sever the joint tenancy and create instead a tenancy in common, under which each spouse has a distinct half-share of the property, which on death can be passed on to the children who then become co-owners with the surviving spouse. This could save a significant amount of inheritance tax on second death.

Where the individual is over 65 it is possible to take out a mortgage on the family home in order to purchase an annuity. The annuity income (not all of which will be taxable) can be used, after funding the mortgage interest, to pay premiums on a life assurance policy written in trust. The mortgage interest will qualify for tax relief on up to £30,000 of borrowing *in addition to* any interest on an existing mortgage.

The particular attractions of this arrangement are that it should be self-financing, and that it achieves an immediate reduction in the estate, coupled with the creation of a tax-free fund outside the estate.

There are other simple precautions which can be taken to avoid paying inheritance tax unnecessarily, but for larger estates a more detailed analysis of the problems are necessary to ensure that the lifetime giving is not over-done so as to leave the individual "strapped for cash."

* Stuart Chapell is co-author of the recently published Hays Allan booklet on Inheritance Tax and Estate Planning.

Stuart Chapell

Glitter, not gold for TSB innocents

Hugo Dixon says it was all show at the first annual meeting of TSB

THE TSB's first annual general meeting, held in Glasgow last week, confirmed a theory which has been gaining wide currency since the group's £1.3bn flotation last September.

That is: that the TSB's management is not subject to effective shareholder discipline.

The 3,000 shareholders who turned up at the AGM were told nothing of substance. But they did not ask any searching questions either.

This is hardly surprising. The Government, as part of its campaign for wider share ownership, was keen to have as many shareholders as possible. As a result there are 2.3m, 98 per cent of these with fewer than 1,000 shares; mostly financially unsophisticated.

Typical comments by those who attended were: "This is the first time I've been to such a meeting." "I was interested to see what it was like," and "I'm treating it as a long weekend." Few of those I talked to had any views about the quality of group's mangement.

The management is not only cushioned by a large and docile shareholder base, it is not disciplined by the threat of takeover. Because of the curious circumstances of the TSB flotation, the Government felt that the group should have a five-year honeymoon period before it could become available to be taken over.

It all stemmed from the Government's decision that nobody owned the TSB and that therefore it could keep all the money used to buy it. The TSB, which is only a small bank by British standards (£18bn in assets compared, say, with NatWest's £83bn) ended up massively over-capitalised.

TSB

If the group had not been given the honeymoon period, the fear was that it would have been an immediate target for takeover bids, with many companies keen to get their hands on the £1.3bn cash pile.

This cosseting of TSB's management would not matter much if it were possible to have confidence in its capacity to allocate these vast resources efficiently. In fact the money is doing nothing more exciting than being invested on the money markets, earning interest.

Sir John Read, the group's chairman, gave shareholders no clue about what he intended to do with it, other than to say: "I am sure you would agree that we should not be rushed into precipitate action."

The docility of the shareholders is likely to be accentuated if another proposal, unveiled at the TSB's annual general meeting, is accepted. The group says that sending out annual reports to all its shareholders cost £1.8m. It is therefore asking the government to change the law so that it only has to send out shorter documents.

These sorter documents will miss out most of the technical — but important — financial information without which shareholders will find it impossible to make informed judgments.

But if the TSB's management did not sparkle last week, its marketing and presentation — areas in which the group has long excelled — certainly did.

The AGM was a slick affair: a flood-lit auditorium; a jazzy film about the group's products, on three giant screens, Vivaldi's *Four Seasons* welcoming participants. The 3,000 shareholders were certainly treated to a show.

The TSB *has* also realised that keeping in touch with 2.3m shareholders may be expensive, but that it is also useful for communicating with 2.3m potential or actual customers. Enclosed with the group's annual report, shareholders received a glossy document outlining the group's financial services. This has already led to a quarter of a million enquiries.

Babble of tongues

Eric Short warns of confusion as the new pensions are explained

IF YOU are somewhat puzzled with the coming changes in the UK pensions field, odds are that by the end of the year you will be completely bewildered.

Your confusion will not be because you are ignorant about the changes. It will arise from the explanation from all sides of the brave new pensions world and the opportunities available to employees.

Until now everyone involved in a major pension change in the UK, from the Government downwards (or is it upwards) has been justly accused of not explaining the changes to the public.

But this time it is going to be different. All parties are falling over themselves to tell you what it is all about. This time there will be information overkill. Everyone will have a different interpretation of the 1986 Social Security Act, the forthcoming Finance Act, the 1986 Financial Services Act.

The Government and the Department of Health and Social Security are leading the publicity campaign, with Norman Fowler, the Social Services Secretary, as number one spokesman once the general election *is* out of the way.

Here you will meet the first problem. Although Norman Fowler does not use jargon, his civil servants do. You are likely to be told about PPs, Comps and Cosras, though the full names—Personal Pensions, Contracted-Out Money Purchase Schemes and Contracted-Out Salary Related Schemes—do not convey much more to the layman.

Fowler and the DHSS intend to run a two-stage campaign, the first aimed at financial advisers and employers. The second is aimed at the public and will take place in autumn, on the eve of the new era, though whether it will go beyond newspaper and magazine advertisements into TV remains to be seen.

The thought of having Brookside interrupted by the 1986 Social Security Act is mind-boggling enough. Christmas TV is likely to contain heavy advertising from life companies extolling the personal pensions available next January.

But these are likely to be 30-second slots with the main advertising thrust coming from newspaper advertisements. You can be certain that the 2 per cent incentive payment will *figure prominently* in the sales pitch.

Trade unions, which took decades to discover the advantages of company pension schemes, now appear to be one of their main defenders.

Employers and pension consultants feel this may be a good time to rethink and redesign their pension arrangements to meet modern conditions but trade unions wants employers to keep final salary pension arrangements untouched.

The white collar trade union Apex condemns both personal pensions and any employee making individual arrangements.

The line is one of strong discouragement, with employers being urged not to contribute more than the legal minimum any personal pension arrangement by an employee.

There are powerful arguments for employees to stay in a company pension scheme but they are not going to be impressed with one-sided argument.

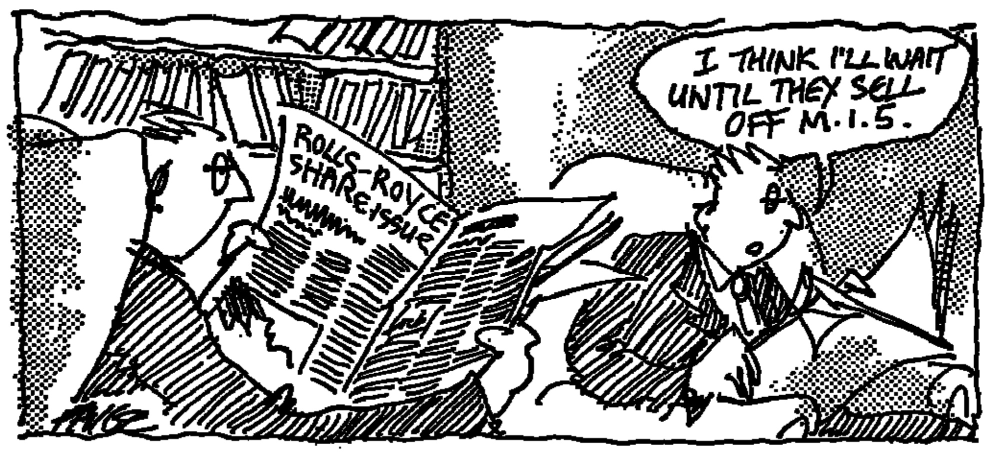
So when you are approached by your favourite life company salesmen, or invited to a video presentation in the staff canteen by your employer, make sure that all the pros and cons are presented.

Mr Michael Elton, the director-general of the National Association of Pension Funds, claims that his association's campaign will give an unbiased presentation of the choices facing employees.

Full details of the NAPF *campaign will be revealed at* its annual conference in three weeks. Mr Elton is adamant that it will not knock personal pensions—they have a role to play—but his advice to people is to look before they leap.

Richard Tomkins assesses the latest floatation

Roll out the risks



THE last piece of the Rolls-Royce jigsaw fell into place this week when the Government put a price on the state-owned aero-engine maker's offer for sale. *The public now has all* the information it is going to get before the offer closes next Thursday.

Having seen what is on offer, it is hard to escape the conclusion that from the small investor's point of view, this is the least attractive of any of the Government's recent privatisations.

This is not to say that it is going to flop, or even that it is not worth going for. But unless the stock market rises dramatically between now and the day dealings begin, we are unlikely to see the sort of premiums which British Airways, British Gas and TSB brought.

First, take the price. At 170p, it looks too sensible to provide much scope for a profits bonanza. Certainly it is well above the 150p-160p range which the market had been hoping for.

To decide what the shares are worth, most stockbrokers' analysts look at British Aerospace, the nearest comparable company with a stock market quote.

With BAe expected to make profits of about £225m this year, its shares, at 625p earlier this week, are trading on a multiple of 10.6 times forecast earnings per share. Forecasts of Rolls-Royce's profits of 1987 vary, but taking £160m as the average, a share price of 170p provides a prospective price/earnings multiple of 8.8.

On the face of it then, Rolls-Royce's shares are cheap compared with BAe's. But Ed Wright, an analyst at stockbrokers Smith New Court, forecasts that next year BAe's profits will surge ahead to £280m while Rolls-Royce's will move more slowly to £176m. On that basis, BAe is on a 1988 p/e multiple of 8.6 and Rolls-Royce on a multiple of 8.5. With nothing to choose between the two ratings, it is hard to see where Rolls-Royce's shares can go when dealings begin.

Wright's view is gloomier than some. One could argue that Rolls-Royce is likely to show faster profits growth than BAe in subsequent years, that its earnings are higher quality, and that sheer demand will drive its rating above BAe's. But even so, few analysts are forecasting a premium of much over 30p.

Because only 85p of the share price has to be paid up front, even a relatively small premium would produce respectable percentage gains. A premium of 30p, for example, would be worth 35 per cent.

But set against this is the risk inherent in present stock market conditions. The British Airways flotation in January benefited from a surge in the market between the fixing of its price and its first day of trading. Now, however, the market is looking much more volatile.

Further, the Rolls-Royce offer closes on the morning of the local elections, so investors will not know the results before they submit their applications. If the market is perturbed by the outcome, it could easily sag, so erading the prospects for a premium.

There are few other attractions in the issue to compensate. Unlike other recent privatisations, Rolls Roye is offering no special perks for small investors such as the one-for-10 loyalty bonus of shares at the end of three years. And the first dividend does not become payable until December, so investors will have to pay their second instalment on the share price before they qualify for it.

If all this begins to sound as though Rolls-Royce is in a rather different category to British Gas, that is not far from the truth. The Rolls-Royce flotation has always been seen as primarily an institutional affair best suited to the professionals who understand the risks and intricacies of the aerospace and defence industries.

In any case, Rolls-Royce has no great wish to burden itself with an expensive-to-run share register containing the names of millions of small investors. Unlike British Airways or TSB, it does not look for its customers among ordinary members of the public.

Another factor is that the Government does not want to produce a big premium in the run-up to a general election because it would bring accusations that it was lining the pockets of City fat cats by selling off the nation's assets on the cheap.

The Government and its advisers do want small investors to apply for Rolls-Royce's shares: after all, the issue would be widely regarded as a flop if the public ignored it. But the overwhelming response to earlier privatisations has led them into a relaxed view about the likely response.

This view is probably justified. The privatisation bankwagon has picked up too much momentum to be stopped in its tracks by one comparatively parsimonious flotation. The premium may not be large, but it may well be bigger than most new issues offer. And there are a lot of people around who want a stake in the company they still think makes those rather fine cars.

DETAILS OF THE OFFER

- **Rolls-Royce shares are being offered at 170p, payable in two equal instalments—85p on application and 85p on September 23.**
- **Minimum application will be for 400 shares, so the minimum initial investment will be £340.**
- **With 801.5m shares on offer, Rolls-Royce will be valued at £1.36bn. That compares with the initial price tag of £900m on *British Airways* and £5.6bn on British Gas.**
- **The notional historic gross yield is 4.06 per cent and the proforma historic price/earnings multiple is 10.2.**
- **Some 60 per cent of the shares will be placed with institutional investors beforehand, leaving 40 per cent of the offer for Rolls-Royce employees and the public.**
- **If the public offering is more than twice subscribed, it will be enlarged to 50 per cent at the expense of the institutional allocation.**
- **Rolls-Royce employees will be given generous incentives to apply, including free, *matching, discount* and priority offers. Rolls-Royce pensioners will be given priority in the allocation.**
- **Foreign-held shares will be limited to 15 per cent of the total, as will any single shareholding. The Government will keep a special share to enforce these provisions.**
- **Criminal proceedings may be brought against multiple applicants. Accountants Touche Ross will be policing the issue.**
- **Prospectuses are available from all branches of the National Westminster Bank, together with some main branches at Barclays, the Midland and all Scottish branches of the *Royal Bank* of Scotland.**
- **The offer is open now and closes on Thursday. Letters of allocation go out on Monday May 18 and Stock Exchange dealings begin the following day.**

John Edwards talks to a "mass market" enthusiast

Unit trusts may go more public

BILL STUTTAFORD, who this week was elected chairman of the Unit Trust Association, represents the acceptable face of the City. Urbane, charming, an ex-stockbroker and son of a country doctor, he seems far removed from the aggressive salesman trying to persuade you to buy the latest flavour-of-the-month unit trust.

Yet for someone who has concentrated on the investment side, he is surprisingly forceful about the need to market unit trusts to a much wider popular audience.

He would like to see a generic advertising campaign for unit trusts, promoting them as a general concept rather than as specific company products. In particular, he favours the use of television advertising to appeal to the popular mass market.

"At present we are only appealing to the relatively sophisticated investor and there is a huge educational job to be done in reaching a wider public," says Stuttaford, riding, on his own admission, his favourite hobby horse.

"There is something wrong. The latest government survey shows that 20 per cent of the adult population in Britain now owns shares. But only 4 per cent to 5 per cent owns unit trusts. This is the wrong way round. First time investors should buy unit trusts, where the risk is less, rather than single shares," he says. "The problem is that it is too expensive for individual unit trusts groups to sell outside of the normal range of investors. So the obvious way is to spread the cost through collective advertising."

This aggressive approach seems slightly strange coming from a man who since leaving Oxford in 1955 has been involved in investment management in the City. He became a member of the Stock Exchange in 1960 and a senior partner of stockbrokers, Laurence Prust & Co in 1983. Although he helped found the Framlington Group as an offshoot of Laurence Prust in 1969, and is now its chairman, he remains an investment man unlike many of his colleagues at the Unit Trust Association. He still personally manages the first Framlington trust launched in 1969.

However, the emphasis on the promotion of unit trusts fits in well with the radical change in the role of the Unit Trust Association which will inevitably result from the revolution in the City as the Financial Services Act is put into place later this year.

Under the new regulatory set-up, Lautro (Life Assurance and Unit Trust Regulatory Organisation) will take over most of the UTA's functions in monitoring and disciplining the activities of its member companions.

It sets a maximum scale of commissions that can be paid to brokers and tries to preserve standards by vetting advertising and promotional material under a voluntary code of conduct. That will now all come under Lautro through new regulations yet to be finalised because the political infighting goes on.

So with the main reason for its existence disappearing, the UTA will have to find something else to do if Stuttaford is not to preside over its demise during the next two years.

He is confident that the association will survive by changing its priorities. Instead of imposing controls, he sees the UTA playing an important consultative and lobbying role helping to ensure its members' views and interests are presented to the right organisations, including Lautro, the Securities and Investments Board, Inland Revenue, Parliament and the political parties.

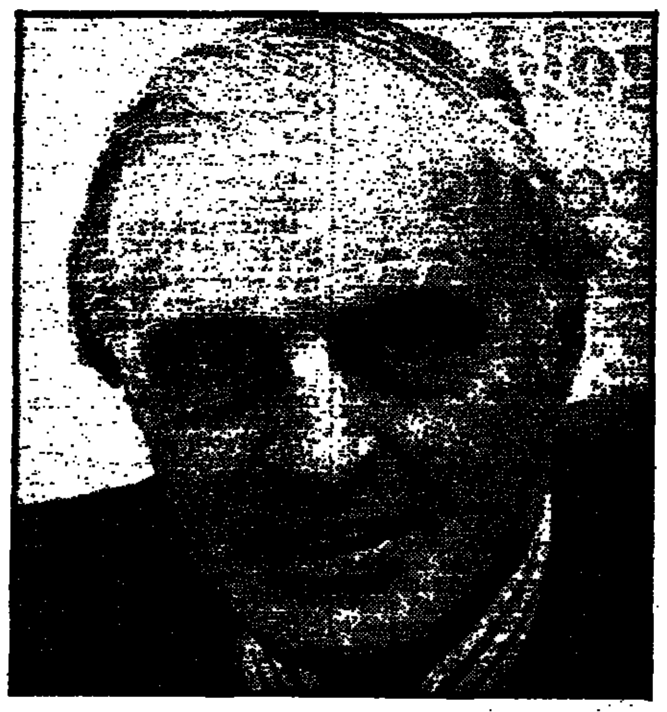
But he also hopes that the UTA will put a lot more effort into promoting unit trusts generally over and above the present fairly low-key policy of running seminars, exhibitions and producing booklets extolling their virtues.

The other main task ahead for the UTA, which Stuttaford expects will develop mainly after his term of office ends, is international expansion with the proposed harmonisation of the unit trust industry within the EEC, due to take place in 1989.

Of more immediate interest are the Department of Trade and Industry proposals to change radically the ground rules for unit trusts on what assets can be held and the pricing mechanism. Recognising that UTA members have very different views of the subject, Stuttaford is fairly diplomatic.

He points out that a lot of time and effort has been spent in building up public acceptance of onshore guaranteed unit trusts in their present form, restricting solely to investing in shares and government securities. So if the DTI does want to relax these restrictions to include a wider range of investments, including futures, options and property, then he thinks they should be called something else — open ended investment companies or something equally snappy.

On the proposed changes in the pricing of unit trusts, he favours the suggested switch to a single quoted mid-price, but only on the grounds that it will appear to be simpler to the general public. In fact, he feels the present system is probably fairer to existing holders in particular, although it is widely believed to be unfair.



Bill Stuttaford: aggressive approach

Framlington is one of the smaller unit trust groups, but under Stuttaford's guidance it has established a good reputation over the years and a creditable investment track record. As an active supporter of the Conservative party who was awarded the OBE for political services in 1983, Stuttaford is well qualified to lead the UTA in its new role as a lobbying organisation. It will probably have to fight hard to maintain an effective voice in the fast changing times in the City.

He believes there is a big untapped market for unit trusts in Britain to be exploited properly and brusquely dismisses the suggestion that the recent rapid increase in the number of funds may confuse and discourage investors. "No one ever complains about there being too many shops. So why should they say there are too many funds. It doesn't matter how many there are so long as they are fulfilling a need."

More trust in technology

TECHNOLOGY trusts were a fashion in the early 1980s among groups who wholeheartedly embraced the specialist funds philosophy. At present there are 14, spread across three sectors — international, Japan and US.

From 1983 until a few months ago the sector was looking bombed out. A number of trusts were launched just in time for the collapse in US technology "hot" stocks and the venture capital industry which funded them.

The one-year figures in our table for the funds from the international sector show rankings mostly in the 60s, 70s and 80s. Lloyds, Wardley, Prolific, Barrington, F & C, BG and Henderson languish at these levels over longer periods as well. Brighter spots include Crown and Scottish Equitable, both relatively new funds.

As the six-month figures show, technology trusts are now creeping up to sunnier regions in the rankings, and some are hitting the top spots. Baillie Gifford has leapt from 86th to third in the sector. TR Global Technology is the exception which proves the rule, having been in the top 10 sector throughout its life.

Since many technology trusts have a strong American bias they were hit badly by the slump of the US market in 1983. So the geographical spread of investments is something to enquire about when considering a technology trust. Within the international sector, weightings can vary a lot.

The sustained performance of TR Global Technology has been achieved by manager Brian Ashford-Russell's strategy of aggressive switches in geographical asset allocation. At present the trust is around 50 per cent in the US, 10 per cent in Japan, and 25 per cent in the UK.

Weightings have fluctuated, however, from 35 per cent to 80 per cent in the US, 10 per cent to 30 per cent in the UK and 5 per cent to 30 per cent in Japan. Ashford-Russell has also been up to 20 per cent in cash.

Successful geographical shifts have produced very good results in this case, with performance comfortably above the international sector average and the pure US trusts, which are now beginning to have their day.

Baillie Gifford put their improved ranking down to the high percentage of the trust—47 per cent—which is in the US. They also have 19 per cent in Japan. Managers of pure Japanese technology funds have had a hard time of it in the last few months, as the table shows. But BG's Douglas McDougall feels that the out-of-favour technology companies are on very low multiples—"you can't say that of many sectors of the Japanese market"—and are, therefore, worth buying.

The US has dominated the technology trusts sector. It has been "the one market to get right" according to Brian Ashford-Russell. Whereas in the heady days of 1982, trusts were marketed with glamorous sci-fi visions of lasers, genetic engineering, and cloning organisms in outer space, the approach today is much more down-to-earth.

Ashford-Russell feels this is reflected in a very different management style. The whizz-kid entrepreneurs who were running many technology companies—into the ground, in some cases—have been replaced by managers whose priorities are financial controls and marketing. This, rather than being in the forefront of technology, is what will tell long term.

Single-market technology funds should be treated with caution, though the two US trusts are now near the top of their sector.

Target is promoting its fund again, but is describing it as a "highly geared fund, not invested in small engineering companies or the like which are not true technology issues."

The group is cautiously optimistic about a sustained recovery for technology. Says director Dylan Evans: "The US economy is beginning to respond to the lower dollar and forecast growth is stronger than generally expected. This should benefit cyclical companies, among which technology companies are well to the fore."

Target also bases its views on an attractive technical argument: since the 1960s, a period of underperformance against th emarket average by technology stocks has always been followed by a strong period of outperformance. This is why such stocks "have only just begun to perform against more defensive investments such as consumer related issues."

Dollar weakness, the key to technology's rise from the ashes, is not likely to go away.

Brian Ashford-Russell agrees that now is "not a bad time to be a technology investor," although he expects the sector to mark time now until later in the year.

Christine Stopp

PERFORMANCE OVER SIX MONTHS AND ONE YEAR TO APRIL 1, 1987. OFFER TO BID, INCOME REINVESTED

	Six months Growth % (sector ranking)	One year Growth % (sector ranking)
INTERNATIONAL SECTOR:		
TR Global Technology	28.9 (4)	35.7 (8)
Crown Intl. Technology	18.7 (21)	28.3 (23)
Scottish Equitable Technology	14.1 (32)	24.5 (32)
Lloyds Bank Intl. Tech.	10.6 (50)	18.1 (64)
Wardley Technology	20.1 (17)	16.3 (73)
Prolific Technology	18.5 (22)	15.5 (75)
Barrington Worldwide Tech.	15.8 (25)	14.1 (80)
F & C International Technology	10.6 (49)	12.2 (83)
BG Technology	31.2 (3)	11.0 (86)
Henderson Global Technology	4.6 (87)	10.2 (90)
NORTH AMERICAN SECTOR:		
Sentinel American Technology	20.0 (5)	12.9 (10)
Target Technology	19.8 (7)	11.9 (14)
JAPAN SECTOR		
Sentinel Japanese Technology	− 6.2 (42)	37.6 (27)
Hill Samuel Japanese Tech.	−16.9 (55)	6.1 (53)
International sector average	11.3	21.2
North American sector average	9.8	5.1
Japan sector average	− 2.6	34.5

Source: OPAL

BRIDGE

EARNEST beginners, who want to learn bridge the right way, will do well to acquire a copy of *Learn Bridge With Reese*. This book first appeared in 1962 but is now available in paperback (Faber, £3.95). After a description of the game and a section called First Moves in Play, the author moves on to bidding, then to Stratagems in Play, and ends up with more thoughts on bidding.

Let us see how Ducking is not the sole privilege of the declarer but can be employed by the defence:

W	N	E
	♠ Q J 10 8 5	
	♡ J 7 2	
	◇ 7 3	
	♣ A Q 6	
♠ A 7 3 2		♠ 9 6
♡ 6 3		♡ A K 8 5 4
◇ K 10 6 4		◇ J 8
♣ J 8 4		♣ 10 7 3 2
	S	
	♠ K 4	
	♡ Q 10 9	
	◇ A Q 9 5 2	
	♣ K 9 5	

South deals at a love score and opens with one diamond. North replies with one spade and South rebids one no trump. North raises to two no trumps and South carries on to three.

As both spades and diamonds have been bid against him, West decides to lead from his doubleton heart, hoping that his partner might have strength in that suit. East is delighted with the lead but although he must not win with his king he must play an encouraging card, the eight. The declarer takes in hand and plays on spades — there is nothing else for it — West gets in with his ace and leads another heart. This enables his partner to win and cash three more tricks in the suit to defeat the contract.

If West leads any other suit he loses a vital tempo, which is fatal to the defence. The heart lead avoids this loss of tempo but it needs the co-operation of East's ducking play to make it the winning defence. It maintains the defensive lines of communication.

In his new book, *What Would You Bid?* (Faber, £3.95), Terence Reese deals exclusively with bidding and presents the problems as they are presented in a bidding competition in a bridge magazine. Let us consider this hand, held by South at teams-of-four:

♠ —
♡ 9 8 6 5
◇ J 8 6 4 3
♣ K 6 4 2

The bidding:

East	South	West	North
Pass	Pass	1 ♠	Double
4 ♠	Pass	Pass	Double
Pass	?		

What should South say? Ten of the panelists voted for 4 NT, expecting to make 11 tricks in the suit picked by North, but the director of the panel did not think much of that bid.

Nine of the panelists voted for Pass. The wisdom of this is summed up in one answer: "Partner could have bid 4 NT if he really wanted me to bid. I have a king and a knave, and four tricks are easier to make than 11." What was your choice?

E. P. C. Cotter

• FINANCE & THE FAMILY •

Take a gamble on Ernie

Investors' Tale

Premium Bonds are worth buying in times of falling interest rates, says Kevin Goldstein-Jackson

INVESTING IN highly speculative shares is really a form of gambling, although it can still produce excellent profits.

In these days of relatively low interest rates for savers, there is also another means of gambling that is particularly attractive to higher rate taxpayers who do not want to tie-up their money for years in Business Expansion Schemes.

This form of gambling, unlike speculative share purchases, also returns your starting capital intact on a request for its refund. It is also an investment that can possibly turn £10 into £250,000 tax-free in about four months. What is it? Premium Bonds.

Premium bonds are easily purchased by filling in a form at any post office. The minimum purchase is £10 for 10 bond units and the current maximum bond holding per person is £10,000.

Bonds are not eligible for inclusion in the prize draws for the first three calendar months following their month of purchase. After that, they are automatically entered in the weekly and monthly prize draws, with individual prizes from £50 to £250,000. The prize fund itself is currently based on attributing a notional 7.75 per cent per annum yield to the total amount of bonds held. This is being cut to 7 per cent from August 1 and will mean fewer prizes of £1,000, £500 and £100.

Theoretically, if you have the £10,000 maximum bond holding, your chances of winning at least one prize in any draw are 1 in 1.7. How does this work out in practice?

Obviously, some people will win more than others. My wife and I each have the maximum £10,000 bond holding. In the past year I won nine prizes of £50 each, one of £100, and one of £500: a total of £1,050. My wife was less fortunate, only winning three prizes of £50 each: a very poor return of £150 on a £10,000 investment.

But perhaps next month she will win the £250,000 prize. She claims Ernie, the computer picking the prize winners, seems to favour people in Blackpool, near its home in Lytham St Annes. But apparently the machine is "regularly scrutinised by impartial experts" and even the Government Actuary makes monthly statistical checks on the bond numbers generated by Ernie.

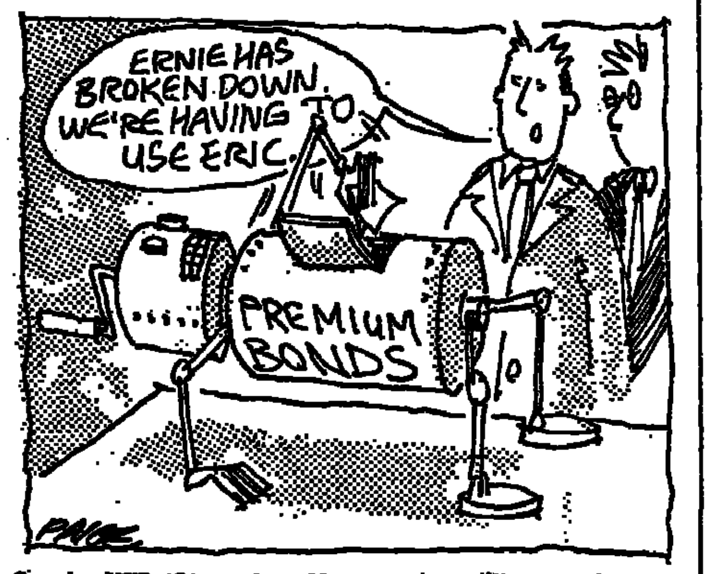
Perhaps my wife is just unlucky. She has had standing forecast football pools entries (admittedly for the lowest stake possible) and, like many other people, has never won anything with them.

While it is possible to win over £900,000 on the football pools, there are other lotteries available where the possible rewards (and risks) are even greater.

For example, the Canadian Lotto 6/49 once produced a jackpot winner of C$13,,890,588.80 (£6.4m), and it regularly features prizes of several million Canadian dollars.

This lottery is now so huge, it has attracted considerable non-Canadian interest, especially as the prizes are tax-free and the organiser promise that "your winnings will be converted to any currency you wish and confidentially forwarded to you anywhere in the world."

Lotto 6/49 has two draws each week and costs a minimum of US$45 for 20 draws. But don't all rush to Lotto 6/49, Canadian Overseas Marketing., P.O. Box 48120, Suite 1703, 595 Burrard Street, Vancouver, BC, Canada, V7X 1S4 as the odds against winning are enormous.



Its popularity does suggest, however, that if a lottery with enormous prizes was established in Britain it could easily generate enough profit to completely fund the BBC. Then we could all benefit from the abolition of TV licences as gamblers from the UK and overseas tried to win millions against tremendous odds.

If premium bonds are an acceptable form of helping to finance Government spending, then what is wrong with a UK Lotto to finance the BBC? And perhaps I might be luckier with a UK Lotto than I have been so far with the Canadian one: a C$10 prize on a US$135 stake.

Problems of tenants

Over 20 years ago I bought a bungalow at Holland-on-Sea hoping to retire there and live near my relations. I let it fully furnished for periods of three years as I could not afford to keep it empty or unoccupied. Every Tenancy Agreement made it clear after three years I would want to myself occupy my bungalow and move from my house in Bournemouth. Unfortunately, due to the Labour Government telling furnished tenants they could tear up their Tenancy Agreements I lost control. Now it seems a life long ambition to occupy my bungalow seems to have been lost whilst my tenant has no intention of moving on grounds of hardship. Owning my own house in Bournemouth, I cannot do much or anything about it. Are Tenancy Agreements a waste of money, apart from getting shot of your tenant should he fail to pay his rent or wilfully get rid of some of your furniture etc, replacing same with his own all against the wording of the Tenancy Agreement which seems to carry little or no weight in the law.

You would be wise to consult a solicitor with a view to obtaining legal aid to take proceedings against your tenants for possession of the bungalow. The Rent Act provisions would enable you to recover possession in certain circumstances where the Court considers it reasonable (eg if it would cause you greater hardship not to have possession than it would cause the tenants to be required to move). It is also not clear whether you may have complied with the requirements of Case 11 or 12 and not even have to rely on the Court's discretion. It is not correct that the tenancy agreement is of no effect. The Court will have full regard to the terms of a tenancy agreement subject to the overriding provision of the Rent Act 1977.

Get out of bondage

My wife and I are both pensioners and a major part of our income is obtained from Insurance Bonds. We have read that we might do somewhat better if we were to switch some of our invested capital from Bonds to Unit Trusts: we do not use any of our CGT allowance and we try to keep our gross income within the limit for full Age Allowance.

As we encash more than the 5 per cent tax free allowance from our Bonds each year, we need the income, we have begun to think that although we keep within our age allowance limit (£2,400 this year) we might have problems in the years ahead. In any case we think we would like to put half of our bonds investment of £25,000 into unit trusts in the hope of improving our income

This year our income is aranged as follows:

DHSS Pensions	**3,189**
Annuities	**2,324**
Insurance Bonds	**3,887**

Wife's freelance work is within untaxed limit

1—How do we go about switching half our bonds investment to unit trusts in order to make a start in trusts this coming fiscal year?

2—What will be our tax position for 1987-88?

3—Will the switch give us long term tax problems?

4—How does one arrange income from unit trusts by using trust growth, which would be well within the CGT allowance?

In calculating the £9,400 threshold for the 19.33 per cent age surcharge for 1986-87, your wife's freelance earnings must be taken into account; on the other hand, any untaxed capital element in your annuities does not count, nor (for 1986-87) does the July 1986 increase in your DHSS pensions.

The maximum age surcharge for a married couple for 1986-1987 is 19.33 per cent on £1,275, viz £246.50.

For 1987-88, the threshold for the 18 per cent age surcharge will be £9,800. The maximum age surcharge for a married couple (both born after April 5 1908) will be 18 per cent on £1,320, viz £237.60. Where at least one of the couple was born before April 6 1908, the maximum surcharge will be 8 per cent on £1,575, viz £283.50.

Provided that you were both born after April 5 1908, therefore, you will not have to pay more than £237.60 in age surcharge in 1987-88 even if your taxable gains on surrendering insurance bonds push your total income (for age allowance purposes) more than £1,320 beyond the £9,800 threshold. If either of you was born before April 6 1908, however, the Chancellor has imposed a higher surcharge limit upon you, in that case, you will not have to pay more than £283.50 even if your insurance bond gains push your total income more than £1,575 beyond the threshold.

Presumably there is no prospect of your insurance bonds gains pushing your total income (for age allowance purposes) beyond the threshold for 13 per cent higher-rate tax, say £22,000. Even if this is possible, topslicing relief should relieve you from any actual tax liability. We can only offer you our sympathy in having been misled into thinking that insurance bonds were a suitable investment vehicle. Over the years, we have tried to warn our readers against buying insurance bonds which will mature (or have to be substantially surrendered) in years in which they are likely to be within the scope of age surcharge. Surrendering insurance bonds and investing the net proceeds (after tax) in unit trusts will not produce any long-term tax problems that we can foresee, from the facts outlined.

• BRIEFCASE •

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

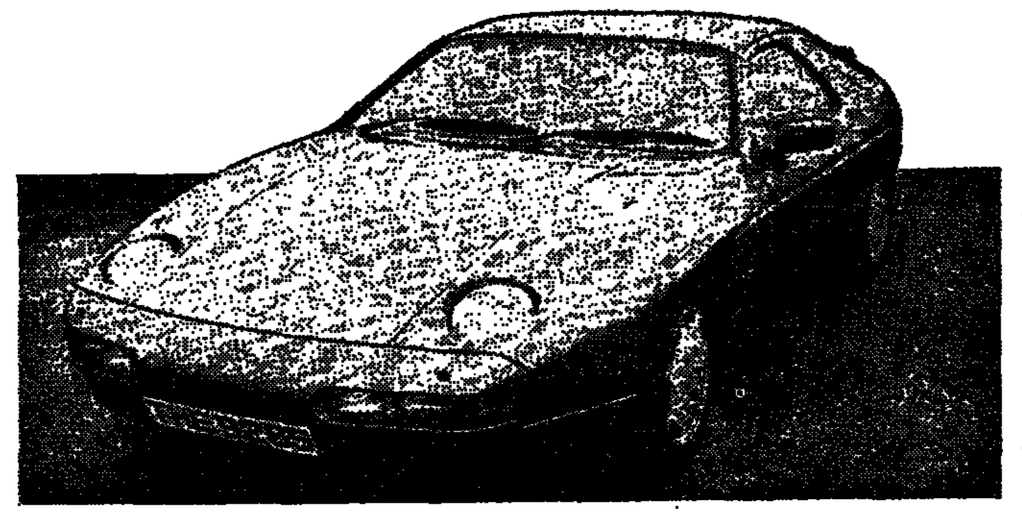
No gains on repairs

Due to a faulty infill in our present house we need to move out for a month while the foundations are dug out and replaced. We have decided to buy another house in the same road, which has similar problems, repair it and then move in while we repair our own. The second property will cost £28,000. Repairs and expenses will cost £6,000 and we hope to sell for £38,000. Can I offset the expenses against capital gains, and if not, would I be better off to set up a company and buy the property through it?

Your best guide through the tax labyrinth is, of course, the solicitor who will be acting for you—all good solicitors are prepared to advise on the tax aspects of domestic property transactions, as an integral part of their conveyancing service. On the facts outlined, however, we can say that using a company looks a bad idea. As you will see from the free pamphlet CGT4 (Owner-occupied Houses), obtainable from your tax office, you may not have to pay CGT on the sale of your temporary home, provided that you give the appropriate notices under section 101 (5) (a) of the Capital Gains Tax Act 1979, jointly with your wife. If there is a CGT liability (e.g. because the inspector invokes section 103 (3) of the CGT Act, and the Commissioners dismiss your appeal), you may be given the benefit of the concession announced in the Inland Revenue press release of June 11 1970: "Expenditure on (including expenditure on decorations), undertaken in order to put it into a fit state for letting and not allowable for the purpose of schedule A, is regarded as allowable expenditure for capital gains tax purposes."

· MOTORING · TRAVEL ·

Stuart Marshall argues that the faster and faster cars coming off production lines are both dangerous and unnecessary



The 167 mph (268 km/h) Porsche 928 Series 4—but does this kind of performance potential mean anything now?

Speed at any price

EACH YEAR, one of the things I look forward to is dipping into Porche's golden treasury of fast and sporting cars. To live for a week with a 944 or 928 — and especially with one of the classic rear-engined 911s — after a sucession of unadventurous family hatchbacks is like opening a bottle of Dom Perignon *after a case of grocer's* sparkling Spanish.

What is it about a Porsche that sets it apart from other cars?

There is the meticulous way it is built, the perfection of the control and instrument layout. You know after a day in a Porsche that the people who design and build them actually drive them regularly for long distances. And there is the spare-no-expense attitude toward their components and equipment. This is clearly related to their price, which now ranges from the merely costly (more than £19,000 for a power-ste[illegible] 924S) to a hard to believe [illegible],000 for a 911 Turbo Sport.

In recent weeks I have driven about 1,000 miles (1,600 kms) in a 944S manual and an automatic 928 Series 4. I loved them. Outwardly, they seem to change little as the years go by — and the 928 is now 10 years old. All the time, however, they are further refined, their price goes up and their power and performance are increased. For the first time, the extra performance potential is giving me a twinge of conscience.

Both the four-cylinder 944S *and the latest 928 have multi*-valve engines. Four valves per cylinder let them breathe more freely and develop more power. The 944S now has 190 bhp against 163 bhp from the old engine. The 928's five-litre V8 puts out 320 bhp compared with the former 4.7-litre unit's 310 bhp. Its maximum torque (pulling power) has been vastly increased and is produced at much lower speed than before. The output of this enormously muscular engine is undimmed by the catalytic converter needed to clean up the exhaust in some countries though not yet in Britain.

Porsche tells me that the 944S will do 142 mph (228 km/h) "fitting neatly between the 137 mph (220 km/h) 944Lux and the 152 mph (245 km/h) 944 Turbo." The 928 Series 4's maximum is said to be 167 mph (268 km/h), due in part to improved aerodynamics, compared with a mere 158 mph (254 km/h) for the previous 4.7 litre engined model.

But where in the world can one begin to exploit this kind of expensively won performance? And who on earth is capable of driving so fast a car in safety? These questions *increasingly* trouble me but not, it would seem, the enthusiast motoring press. As the weeks and months go by some of these journals become further out of touch with reality, exulting in the appearance of new products with unusable performance, often achieved at engine speeds one would use on the track, not *on the highway.*

The harsh and disagreeable fact is that nowhere in the civilised world except West Germany can one legitimately exceed 86 mph (140 km/h) on a public road. Even in Germany the authorities recommend a 130 km/h (81 mph) maximum though it is widely honoured in the breach.

Motorists who think that the French police look the other way when the 130 km/h *autoroute* limit is broken have increasingly found to their cost that they do not. In fact, you are much more likely to be pinched for speeding on an *autoroute* than on a British motorway.

Even Italy has just trebled its tariff of motoring fines. You can still get away with a quick blast on the *autostrada*, with care and some luck, but speeding in towns and villages has become very expensive indeed, and quite rightly so in my opinion.

So if you have a very fast car indeed like a Porsche, you take it to Germany and let it off the leash to see if it really will do what the makers say it will? Well, yes and no. Yes, you can drive at over 160 mph (257 km/h) on the autobahns without actually breaking the law—and I have done so more *than once—but no, you cannot* do so when you feel like it. And what, I have to ask, is the point?

Unless you rise at dawn and find a deserted stretch of autobahn, you will find that what seems to be a straight and traffic-free stretch at, say 90 mph (145 km/h) becomes crowded and surprisingly curvy at 140 mph (225 km/h) and over. The last time I drove a 150 mph (241 km/h) BMW in Germany, the autobahn on which I had hoped to let it kick up its heels a bit was as cluttered as the Southend arterial on Bank Holiday Monday.

What really concerns me is that some the magazines seem to be living out a dangerous *fantasy. Not long ago, one I* read boasted of its test team having changed up from second to third in a Ferrari on a loch-side road in Scotland at 90 mph—yes, really. I see this as playing straight into the hands of the interests who would put a physical limit on the speed of all cars.

This is easily done. In Japan, all cars must by law have a pinger that starts sounding at 100 km/h (62 mph) which is the national motorway speed limit. If you ignore the pinging and keep going, you find the engine's fuel supply is cut off at a little over 100 mph (161 km/h).

I did not discover this on a Japanese motorway—the fine I would have risked would have been like Britain's pre-war National Debt expressed in yen. I was driving on a private proving ground. Could we have physically speed-limited cars in Britain? Quite easily. The other day the Department of Transport announced draft regulations that will result in speed limiters being fitted to coaches to keep them down to a 70 mph maximum. And not before time.

On the odd occasion when I find my speed has crept up to 95 mph (153 km/h) on a quiet, dry motorway I do not feel very wicked and I think an increase in our motorway limit to 81 mph (130 km/h) would be an overdue and sensible harmonisation with at least one EEC partner.

But increasing the speed of already super-fast cars like the Porsches I have mentioned? And *hotting up* little hatchbacks so that you can buy a 130 mph (210 km/h) car for less than £10,000? I think it is simply asking for trouble and playing into the hands of those who reckon that the only way to make roads safer is to slow things down and physically limit the speed of cars.

I rest my case.

Christian Tyler roughs it in the steppes of Mongolia

China beyond the Great Wall

WHEN Mark Twain's innocents abroad were offered a Turkish breakfast, they all cried "Pass!" That is the prudent traveller's reaction also to a Mongolian lunch.

But the serious tourist leaves prudence at home. He travels in pursuit of a fantasy whose realisation depends, among other things, on greedy eyes and an inquisitive stomach. Besides, if you get so far as to be offered a Mongolian lunch it is probably already too late to refuse it.

The innocent guest is ushered into a herdsman's yurt, a small circular tent of sheepskin on the vast steppe, where he will sit cross-legged and contrive to *look comfortable.*

The aperitif—the easy part—is a slug of grain spirit ritually presented in a silver cup on a blue silk scarf. Next comes tea: a pint of warm greasy fluid in a bowl, to which has been added pony's milk, ewe's butter, two handfuls of raw millet and gobbets of camel curd. Sugar and salt are optional, but you must come up smiling.

Having washed this lot down with Chinese-brewed lager (a legacy of German occupation), take a steadying bite of bean-curd biscuit and watch helplessly as the teabowl is filled again from the kettle.

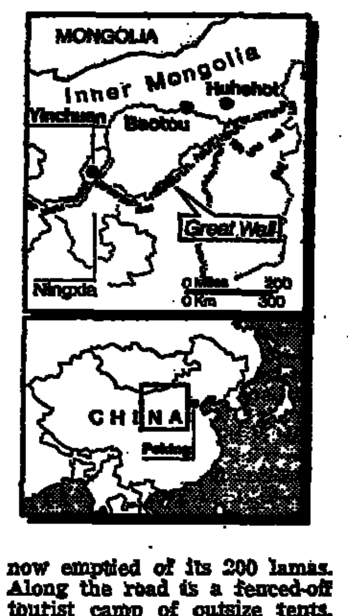
Now the main course arrives: an enamel basinful of dissected sheep, from which chunks of meat and fat must be ripped with the teeth or with the scoutknife provided.

As a rare western visitor, your welcome is doled out in pints and pounds, not drams and ounces. Deprecatory smiles and gestures ("No, I couldn't eat another thing. It's delicious, but no, really") are of no avail. And at the end of it all, head spinning and stomach churning, the dutiful victim must be ready to rise and sing a song of thanks.

China is working hard on its tourist industry. It brings in a lot of hard currency (non-Chinese tourists are grossly overcharged everywhere) and is the only industry that is pollution-free. Even Inner Mongolia, a huge and backward province beyond the Wall, is learning how to play to the westerner's romantic appetite for the great open spaces of steppe and desert.

From smoky Huhehot, capital of the so-called autonomous region, visitors can drive up into the Daqing mountains, where mud-brick remains of the original Great Wall of 200BC are visible still. On the great plateau beyond, the government has built several yurt encampments where you may spend the night.

One of the largest is at Wulantuger, the magnificent summer temple of the "Living Buddha" of Huhehot, newly repainted but now emptied of its 200 lamas. Along the road is a fenced-off tourist camp of outsize tents, *each with a gleaming aluminium* toilet-yurt tacked on the back.



But sticklers for authenticity will ignore this Butlins of the steppe and apply to the local collective in a temple annexe: it runs a rival camp a little way out and *will give you a rougher* time of it for no extra charge. (Sanitary note: Mongolian lavatories are brick oubliettes over permanent dungheaps. They, too, are collectives).

Outside the Yellow River valley, enough survives of Mongolian life to provide a stimulating cultural contrast to the drab urbanisation and subsistence farming introduced by the Chinese.

Many Mongols welcomed the Chinese Communists as liberators when they arrived at the end of their Long March. Mongols were placed in the highest ranks of Mao's revolutionary cadres. Later, herds and land were taken from them and they were driven into miserable communes. During the Cultural Revolution, many were victimised and some were hounded or tortured to death.

Today's policy of positive discrimination *has* restored much of the minority people's way of life. Fortunately for the visitor, the *finest monuments* of Lamaism — the Tibetan variant of Buddhism that absorbed the old pagan rites with the encouragement of the Ming emperors — are being restored from the *ravages of the* Cultural Revolution's Red Guards.

The more remote sites, however, escaped the vandals altogether, like the mysterious monastery in Tibetan style at the top of the Wudang (Willow Tree) valley 80 km north of Baotou.

A dozen frescoed shrines, monastic classrooms and audience halls rise in great tiers at the valley's end, overlooked by clumps of feathery pines. A few septuagenarian lamas patter about unlocking the sacred chambers; the occasional herdsman comes down from the slopes to spin the big prayer drum.

The road to Wudang leads backwards in time. A metalled highway runs from the steel-making town of Baotou, a sort of Welwyn Garden City whose brave expansion was halted by fear of war with the Soviet Union in the late '60s. The tarmac runs out at a desolate coalmining village in the mountains, and a rutted track heads up the river-bed, past still-inhabited cave dwellings, to a natural amphitheatre —and a scene taken straight from classical Chinese painting.

Eight hours by train further up the desert-fringed river ("soft class" rail is the best way to travel in China) is the Moslem province of Ningxia, opened to foreigners only three years ago.

Ningxia's river-dependent economy makes it the Egypt of central Asia. And in the stony desert just outside the pleasant (and still unpolluted) capital of Yinchuan can be seen the extraordinary hive-shaped pyramid tombs of the Western Xia (or Tangut) emperors and their nobles.

Millions of glazed tiles, green, brown and black, lie scattered in the desert just as they were left by the invading Mongols who crushed the 200-year rule of the Tanguts in 1227 A.D. There are nearly 80 of these palaces of the dead, dotted over an area of 40 square kilometres, undisturbed by visitors, rarely visited even by archaeologists. Only the occasional roar of jet-trainers from the nearby airforce bast interrupts the solitude of this archaic landscape in China beyond the Wall.

● China beyond the Wall can be visited through China International Travel Service (CITS) (01-935 9427) with the help of specialist travel agencies such as Voyages Jules Verne (01-486 8080). A 20-day rail tour with Voyages Jules Verne from Moscow to Beijing with three nights in Mongolia costs £1,775.

Edwardian, elegant and civilised

A TOUCH OF CLASS

This week: Duke's Hotel, St James's, London

LONDON IS BY no means short of small, secluded, luxury hotels catering to the expensive tastes of the well-heeled traveller. What elevates Dukes Hotel above most of its rivals is the perfection of its setting for it is hidden away, like an Edwardian jewel, in the elegant recesses of St James's.

To find it you enter St James's Place, halfway up St James's Street, and then bear left into a picturesque, flower-filled courtyard where gas lamps burn at night.

In the 17th century this courtyard led to the house of the lusty Lady Castlemaine (later Duchess of Cleveland), one of Charles II's mistresses. As Samuel Pepys noted in his diary on March 13 1664: "Saw my Lord Castlemaine at St James's. The willing cuckold was visiting his wife."

Modern St James's is thoroughly decorous, but the vicinity is so steeped in history and amorous intrigue—in royal comings and shenanigans—that if you listen very carefully you can still faintly hear the whispering of silk and the parting of petticoats.

The building that houses Dukes Hotel dates from 1895, and was used initially to provide London chambers for sons of the nobility. The hotel is owned privately and is meticulously well-managed by Richard Davis, a youthful individual who for the past two years has supervised a near-£3m programme of rebuilding and refurbishment.

The lobby is now more spacious. Bedrooms have been enlarged—there are 55 in all, including 19 suites. Marble bathrooms have been added. The public rooms are intimate and atmospheric. And there is an excellent restaurant, seating 40, decorated with *trompe l'oeil* panelling and specialising in fine English food and well-chosen wines. The head chef is Tony Marshall, formerly of London's Dorchester and Savoy hotels, as well as the Palace, St Moritz, and Madrid's Villa Magna.

In short, Dukes is tranquil and civilised — a splendid country house in the very heart of London. Half its guests are North American, a quarter British, and the remainder mostly European. Like most of Europe's best hotels it easily weathered last year's fall-off in visiting Americans.

St James's has been described as "London *par excellence*," which is not overdoing it. Within walking distance are Bond Street, Jermyn Street and Piccadilly; Sotheby's, Christie's, and the cream of the galleries and art dealers, plus many theatres.

But it is the history of the place that is most compelling. Your best guide here is *Round About St James's*, an excellent booklet by Joan Glasheen, published by the British Tourist Authority, which tells the story of St James's Palace and of the area around it.

There are also the parks, for St James's is bordered on two sides by acres of grass that have never been built on: St James's Park to the south and Green Park to the west, separated by The Mall.

The Tyburn river once ran through Green Park's woodland, but now flows underground. There are no flower beds here, or any other prettifying. In fact it was a favourite place for duels. Today it is sombre and mysterious. There is even reckoned to be a ghost, which rattles occasionally in Milkmaid's Passage. Brawny police once staged a swoop, but could not arrest it.

● Dukes Hotel is in St James's Place, London SW1A 1NY. Telephone: 01-491 4840. Telex: 28283. Cables: Dukeshotel London.

Rates per room per night are £115-£125 single, £157 double/twin, and £180 de luxe double (four poster). Suites are from £210 per night. Penthouse, £500. English breakfast costs £8.

***Michael* Thompson-Noel**

CHESS

WORLD CHAMPION Gary Kasparov has finished first or equal first in every individual tournament he has contested since late 1981. This impressive record looked in danger with one round to go last week at the Swift International in Brussels. Kasparov, after an unusually tame run of five draws in six games, stood half a point behind Ljubojevic of Yugoslavia.

In the final round Kasparov saved his reputation, but caused a pressroom debate. Ljubojevic, paired with the formidable Karpov, drew quickly. Kasparov won in 31 moves for his compatriot Tal's only loss of the event. It was a straightforward king's side attack, and some thought Tal's defence notably weak.

All-Soviet pairings in late rounds of major events can be suspect, but there are no previous allegations about Kasparov and I thought the game genuine.

Final Brussels scores were Kasparov and Ljubojevic 8½ out of 11, Karpov 7, Korchnoi and Timman 6½, Tal 6, Larsen 5½, Torre and van der Wiel 5, Winants 3½, Short 3, Meulders 1.

Nigel Short's setback, discussed in last week's article, continued until the end and his only win was against the outclassed Meulders. Consolation for Short is that nobody has usurped his status as the main Western hope for the world title, although US champion, Yasser Seirawan, joint first at New York and first at Lugano, is rising steadily in the rankings.

Overall in Brussels, Ljubojevic was man of the match. The volatile Lubo did badly earlier in the year at Wijk and Reykjavik, where he finished far behind Short. But Brussels was his greatest success.

Korchnoi accidentally touched his king in a drawn endgame, leaving a knight en prise to Karpov's pawn. Korchnoi at once swept the pieces off the board, angrily rebuked Karpov for not agreeing an earlier draw, and rushed out of the room. Later he calmed down, signed the score sheet to acknowledge defeat, and admitted he had made a similar fingerfehler once before.

To offset this accident against his old rival, Korchnoi had the quickest win of the tournament. When an opponent chooses a slow flank development, an early probe with the KRP can open up his king.

White: B. Larsen (Denmark). Black: V. Korchnoi (Switzerland).

Reti Opening (Brussels Swift 1987).

1 P-QB4, N-KB3; 2 P-KN3, P-B3; 3 N-KB3, P-Q4; 4 P-N3, Q-N3; 5 B-KN2, P-K4!

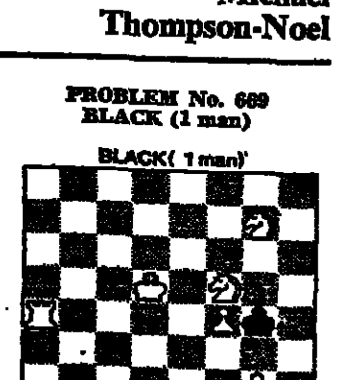
This is the tactical point of Black's queen move. If 6 NxP?, Q-Q5 wins a piece.

6 O-O, P-K5; 7 N-K1, P-KR4! 8 N-QB3, P-R5; 9 P-Q4, RPxP; 10 BPxNP, Q-R4; 11 Q-B2, B-QN5; 12 B-N2, B-K3; 13 PxP, NxP; 14 NxN, PxN; 15 *P-QR3, B-Q7;* 16 Q-Q1.

Losing at once, but if 16 R-Q1, B-K8 ch; 17 K-R1, N-B3; 18 Q-B3, QxQ; 19 BxQ, O-O-O Black's attack continues unabated despite the exchange of queens. He threatens RxRP ch, while if 20 P-KR4, P-KN4.

16 . . . B-K6 ch; 17 K-R1, Q-B2! 18 Resigns.

PROBLEM No. 669
BLACK (1 man)



WHITE (6 men)

White mates in four moves at latest, against any defence (by Dimitrov). This simple-looking puzzle baffled many expert problemists at the 1983 world solving championships. Nearly half the entrants failed to solve it, though the answer by hindsight looks rather obvious.

Solution, Page XIX

Leonard Barden

• PROPERTY •

Status to turn you green

FOLLOWING THE announcement of a Department of Trade investigation into the House of Fraser stores take-over, it is now possible to reveal the one Harrods' story that all London homeowners really want to know.

Where do those Knightbridge vans go?

Being able to have a Harrods' van deliver one's pot of paté has been a pre-condition for civilised living in the capital for generations. As the prime residential areas of London have been at risk of accidently straying into un-vanned parts of town.

The risks have been compounded by Harrods' own highly individualistic, not to say historic, view of central London.

An amiably vogue spokesperson at the store explains: "No one there is quite sure when the boundaries were fixed. Most of the management team have not been there long enough to have been involved in that." Best bet, it seems, is that the vans' territory was settled around 20 years ago, but even a 1960s map is not a certainty. The edges of Harrods' free daily deliveries may well predate the era of showroom-new "E" Type Jaguars, minis of all *sorts*, and £50,000 long-leaseholds in Belgravia. All we do know is that the delivery rounds from Knightsbridge do, 'lean slightly more to one side than the other . . . ". Considered analysis of this near delphic remark suggests that it may describe the vans' bias towards the West End.

Given the social disgrace of finding oneself on the wrong side of the delivery frontier, Harrods' internal schedule of delivery areas takes on a special significance. Without this discreet bible of distributive status there is the ever present danger *of being pointed out as someone* whose post code is of such poor standing that you have to wait a day or two to have your paté transported. Worse still, an injudicious home purchase could make you someone who lives "out of radius" and therefore has to pay for the delivery of anything short of a major purchase.

Prime Minister Margaret Thatcher may not have had sight of the free delivery schedule when she settled on her retirement home in Dulwich. The area only rates a one day a week delivery run. Mrs Thatcher's Chelsea house, like Buckingham Palace, Belgravia, and Pimlico, does count as sufficiently central to justify its place on the daily van routes.

To be sure of staying safely within the magic circle of the daily inner area delivery circuit yo ureally have to stick to the established areas of SW7, South Kensington; SW3 and SW10, Fulham/Chelsea; W8; and Kensington.

Notting Hill, W11, also ranks as a Harrods' home from home, so too does Earls Court, SW5, and Olympia, W14. Rather surprisingly, a Hammersmith, W6 address will get the paté round within the day as well.

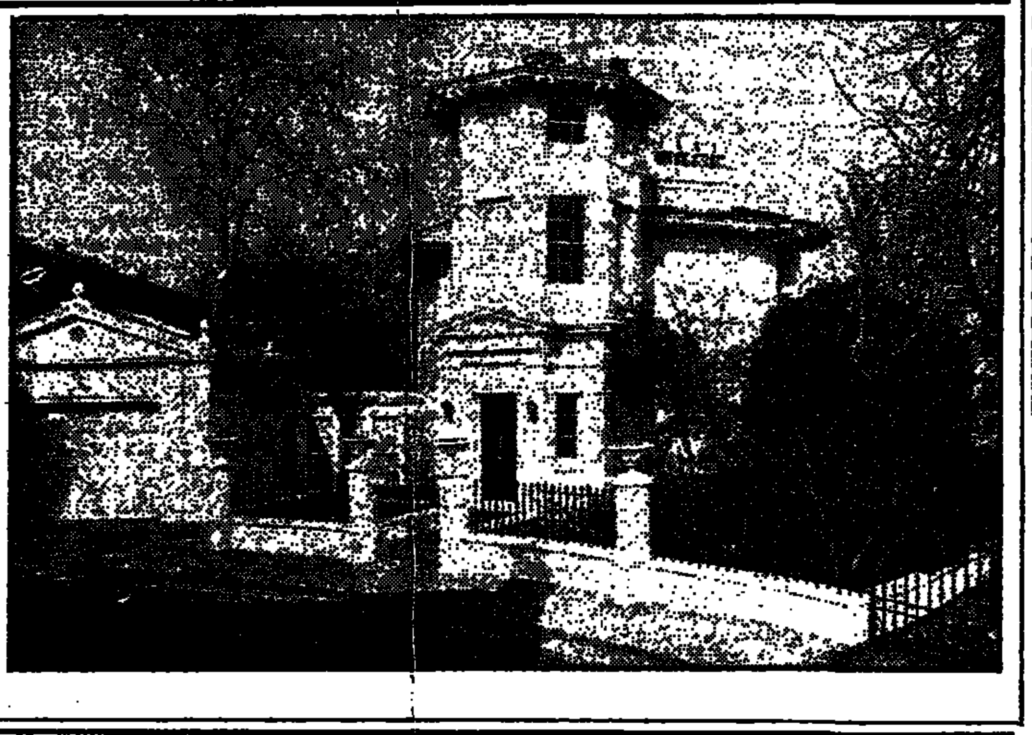
Unfortunates who have choosen to settle in areas like Lamberth and Stockwell, Battersea and Balham, share a basic once-a-week free service with such areas as Clapton, Hackney, Greenwich, and Penge.

Dockland's new residents have to wait until Tuesdays for their paté run. Hay they settled fer Wimbledon, Barnes, Mortlake or Putney they would have been able to get Wednesday and Fdiday deliveries.

At least these out-of-towners are in a better social position that the residents of Thamesmead SE28; Plumpstead/Shooters Hill SE18; and Abbey Wood SE2; all of which get a thumbs down from the van men of Knightbridge. All those areas rank as "out of radius," and must, one presumes, be inhabited by people accustomed to carrying their own paté.

John Brennan

Around £1m will get you in the running for the 62-year crown lease on The Tower House at 12 Park Village West, NW1, now being sold through Knight Frank & Rutley (01-824 8171). The house stands at the end of the "country" road that Nash decided to add to give a lighter touch to his formal, regimented homes directly facing the Regents Park. Three of the villa's five bedrooms in the eight-sided Italianate tower are at the front of the house and there is a 110-foot south-east facing garden at the back.



John Brennan on fortunes to be made and lost on the futures market in uncompleted homes

Property market gamble by amateurs

"WHEN YOU hear of broom cupboards being sold for £30,000, and when you hear of people buying properties that *don't exist for £250,000*, how can you say that it is not politically sensitive?" David Goldstone, managing director of Regalian Properties, emphasises points by speaking faster. He moves into verbal overdrive on one aspect of the housing—the dan*gers of a political backlash* on residential developers because of the expanding futures market in uncompleted homes.

As he says, in a *number of* highly publicised flats blocks and developments the extent of the purchases "off-plan" have *made the schemes, "like the old* story of the barrel of herrings; it was not for eating, it was for selling."

You can make a fortune in the futures markets. You can just as easily lose your shirt trying to best-guess likely changes in the price of sugar or cocoa, currencies or copper. But at least those established futures market are well signposted as high risk speculations, where even the professionals can go broke and amateur traders have a low survival rate.

There are no such warning signs on residential property when it is treated as a form of financial future. There, because the risks tend to be far less evident than the rewards, the professional dealers have begun to be elbowed out of the way by the amateurs. And it is only a matter of time before their luck runs out.

David Goldstone takes a developer's view of the problem. "The futures market is a very dangerous market. I don't *mind people speculating.* I'm not concerned about those who take a chance, that's up to them, I'm concerned about the ripple effect."

It is not the trading, but the product being traded that raises the problems: "we're talking here about homes, and that's very different . . . it is highly political." Recalling the early 1970's, with their cartoon cast of villainous, cigar smoking property developers, Goldstone is concerned that private sector *developments could be discre*dited once more. "We could all be prejudiced, all disadvantaged by it.

All this would sound paranoic to a housebuilder whose business involves putting estates into green-field sites, or in-filling suburban gardens with middle executives' coach-lamp "mews." But Regalian is in the front line of the inner city renewal trade, and *it has* good reason to be aware that housing is a political minefield. Over the past few years the group has *found its niche in renovating* surplus, often derelict, public sector properties and in developing otherwise problem urban sites.

It is a big niche. If the group were to build-out all the schemes on its books at the *moment, they would have a total* market approaching £500m, and plenty of those developments would find a ready market among *the speculators. But* Goldstone won't sell properties years ahead of their completion.

Regalian recently started sell*ing the 171 flats in the first* phase of its Free Trade Wharf scheme by the Thames at Wapping. There will be twice the number of flats in the whole building when it is completed, and Goldstone reports that 480 people applied to buy a year ago when details of the buildings were announced. "We could have released the flats and sold them then, but we didn't. That *probably wiped out 400 of those* applicants, but we like to sell to the consumer market, to people who will live there."

It is only a matter of time before the luck of the amateurs starts to run out

Cynics could — and do — suggest that refusing to pre-sell may have less to do with Regalian's fine-tuned sense of social *responsibility* than with the fact that by locking-out advanced purchasers, Regalian—which can afford to do without the early cashflow from deposits—keeps any increase in the market value of the flats between the announcement of the scheme and the start of its selling programme. It is a valid point as far as it goes, but it doesn't detract from Goldstone's wider argument about the hidden risks of buying property sight-unseen.

In his experience it doesn't really matter how big or small the development, there are always unexpected construction snags. *Renovation jobs are far* more likely to have cost-overruns than new building work. If anything does go wrong after pre-selling a development, the early buyers have a couple of years to wonder whether the developer is going to take the *extra costs out of his profit margin*, or if he's going to skimp on the building work.

Having already sold a con*cept, a set of plans and artists'* impressions, as well as a location and a mock-up show flat, a developer in that situation *doesn't really have too much* incentive to beggar himself if the construction stage proves to be more expensive than *expected.*

A general awareness of risk hasn't emptied the trading-floors or blanked-out the dealer *screens of the other futures* markets. And short of political moves to stop pre-sales to buyers who have no intention of *living in the property, there is* no reason to assume that residential trading will be an overnight fashion that dies out *if one or two developments do* fail to generate resale profits. That said, David Goldstone throws a timely bucket of cold *logic over the idea that putting* down deposits on one or more flats in a development well in advance of their completion guarantees *taking* an option on rising values.

There is no doubt that there were a number of professional traders among the people who queued to put down their money on the first day of sales of Kentish Homes' planned "Cascades" apartment block on the Isle of Dogs. All but two flats in the 140-flat first phase of that scheme sold out within days of the start of its pre-sale programme. The final 20 flats in the block are released tomorrow yet *it will be another 18 months* before anyone can move into the building. It has been the same at the P & O-Bovis' Chelsea Har*bour scheme, where 150 of the* flats now have named buyers, and where there has been an open resale market in the prop*erties for the past year even* though the first residents will not move in until May. The same applies to the advanced purchase of 352 of the *400 flats* in the Land Investors'-Berkley House "PointWest" renovation of the old British Airways terminal on the Cromwell Road.

Property futures are highly political, with memories of the early 1970s

Those PointWest deals on their own represents forward commitments of at least £70m on *flats that will not be ready until* 1989.

Where are the risks, given that housing values have con*sistently outperformed* all but the most exotic alternative investments since the late 1940's?

One that David Goldstone points to is the standard of the completed property. If it doesn't turn out to be as good as the artists' impressions, the completed market values may not support the kinds of trading premiums that advanced buyers *need to achieve to cover their* financing costs.

The initial pricing is self-evidently critical. If you can buy *a 1988-89-90 property at 1987* prices, all well and good. But if the prices already incorporate a fair amount of the likely uplift *in values it is the developer, not* the would-be flat trader, who is laughing.

Properties sold off-plan *rarely include details of the* eventual service charges, rates, and other running costs.

Then there is the big gamble—whether the bull market in residential property will continue to keep prices moving ahead at the heady pace we've seen in recent years. This is more of a gamble than it might seem because investment trading properties *cannot* rely upon the safety net that acts as a bar to any sudden drop in prices in the owner-occupied market.

For the housing market as a whole there are the occasional prophets of doom who warn that a combination of low inflation and high real interest rates would mean an end to price rises. These warnings tend to be drowned out by the chorus of those who see prices supported by a continuing shortfall in the supply of quality housing. Demographic *support for that* argument lies in the continuing decline in household sizes, the shift of population south, and *the increase in purchasing* power of a growing number of second-generation home-owners.

"Empty nesters," trading up in quality and down in house-size after the children have grown up, are expected to bring more middle-aged double income households into the market. That is also the basis for *the forecasts of a further* increase in the divorce rate, and a consequent extra demand for separate households. Run all these factors alongside the increased purchasing-power of younger buyers coming into the housing market with cash raised from inherited homes, and you have the basis of the argument in support of house price rises.

Behind all the pluses and minuses for house prices nationally lies the familiar mechanism of the owner-occupied market that ensures a cut-off of supply if prices start to waver or fall. The current £30-£35bn a year turnover if house and flat sales and purchases could be cut back overnight by the withdrawal of properties for sale. Only those sellers who have to make a move are forced *to* trade into a falling market, the rest can stay put.

The investment market, on the other hand, is made up of a mix of temporary owners who—just as the cocoa traders in the final analysis rely upon chocolate manaufacturers, and the copper dealers rely on the wire makers—depend upon solid owner-occupied demand for successful resales.

Most of the people buying seven-figure homes are British

Flats or houses that have been bought *for rent offer income to* cover financing costs, but the real investment profits are generated by a combination of rental return *and* capital appreciation. Without a sale, or better still a progressive series of sales, purchases and resales *to cash in on the rise* in the value of the property, the investment equation just doesn't stack up.

The need to resell is even clearer in the case of advanced purchases of an uncompleted property.

One private buyer at PointWest picked up a job-lot of no fewer than 16 of the flats, another bought five at one go, and in those, as in a number of other *similar* cases, any question of the flats having been *bought* to house an extended family is patently absurd. Those flats, like the steadily turned-over rental investments and *hundreds of other off-*plan purchases across London, are being held for resale on the assumption of a rising market. Come a dip in that market, or fears of an imminent fall in prices, and those properties wouldn't be withdrawn from the market. There would be a race to sell.

That is why rental specialists like Phillips Kay & Lewis make a point of advising their clients against buying large numbers of flats in a single block. They don't want them to be caught in the rush if the market signals a switch from "buy" to "sell."

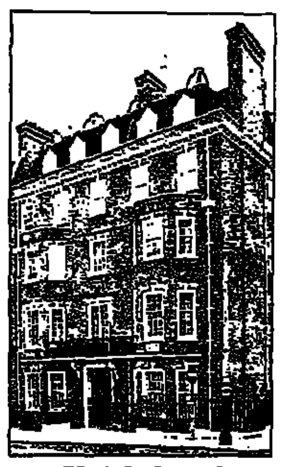
Professional property traders pre-date bricks and mortar. They can take care of themselves, or do at least appreciate that even the best markets can be fickle. The people at risk are those who have mistaken pure investment trading, whether in the futures market or in the growing stock of flats and houses for rent, as no riskier than accumulating paper profits on their own home.

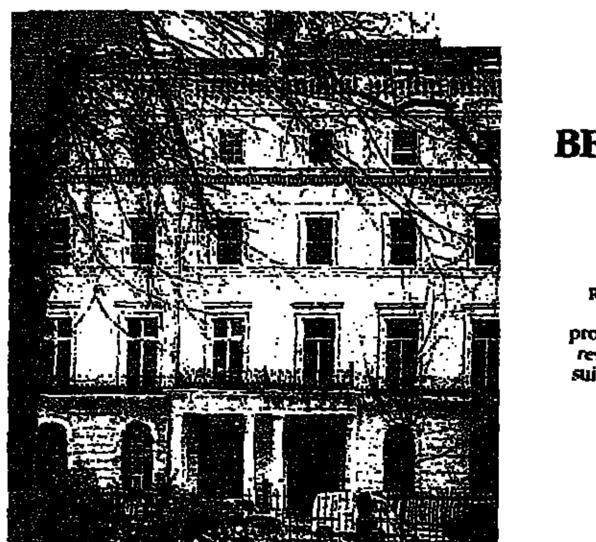
As a basic investment in accommodation, first time buyers have been borrowing to the hilt to get a toe-hold in the housing market since mortgages became generally available in the 1960's. Once into the mainstream of the market, moves have tended to mirror changing family needs more than the owners' trading instincts. But in recent years that has been changing.

Country house agents who used to have to wait a couple of generations to get a sale board on a house again once they'd *sold it, find that* there is an ever faster turnover of homes as the owner of a Victorian villa swops it for a Georgian rectory, then trades that *in for a bigger loan* and a mini-mansion, and continues the process on up the scale for years. Some of these upwardly *mobile owners* work their way up towards a listed Queen Anne house on a full scale country estate before cashing-in the lot and disappearing to Jersey.

According to Andrew Langton *of* the King's Road agency, Aylesfords, investment also provides much of the impetus behind the increased turnover *of owner-occupied housing* at the top end of the town house market.

He has 20 to 30 properties on his books at the moment that would cost you over £1m to buy, and in the single-million price range he finds that most buyers are now British people who can afford seven-figure homes because like their country cousins, they have purposefully traded their way up-market, buying the best property they can afford each time, and selling and moving every couple of years. Above the million and a half level, the market does become more international, but the domestic, *million-plus home* buyer is no longer a rarity. Neither, it seems, is the semi-professional owner-investor.





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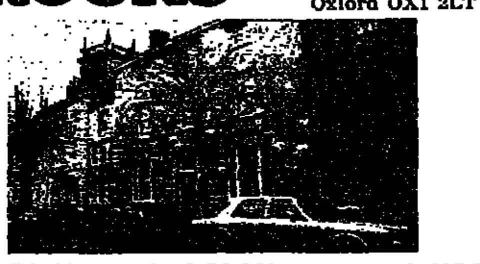

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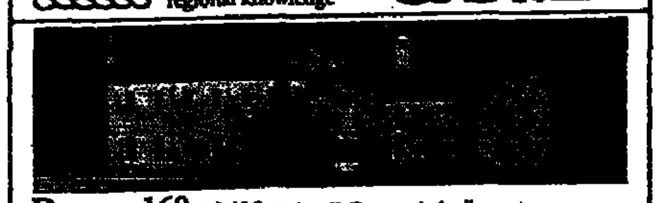

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Zippy, elegant, stylish . . . Parisian

Lucia van der Post reviews the French fashion scene, from the couture houses to the boutiques

ONCE, when Paris spoke (sartorially speaking, that is) the world followed. Today Paris may speak, but if she does, she speaks in a thousand tongues. The world is hard put to it to decipher what she sayeth, let alone what to followeth. Today fashion in Paris comes in as many moods and flavours as a Neopolitan ice-cream.

You may sashay down the boulevards in a rubber bra and leather mini-skirt from Jean-Paul Gaultier, don a *raffine* number from one of the grand courturiers or choose a wacky number from a small Left Bank boutique. You can saunter out in a slinky body-hugging Azzedine Alaia jersey knit or go for big and baggy Japanese monochrome chic. You can look sweetly well-bred in Celine or Hermes, in a well-cut skirt and a navy " pull " and a simple row of pearls. All are authentic Paris fashion.

Once upon a time all the inspiration and innovation came from the big and golden names, from Coco Chanel who in the '30s persuaded women to crop their hair and borrow a little of " monsieur's " easy way with clothes, from Dior with his sweeping New Look, from Saint-Laurent with his leather jackets and his penchant for " smokings." Today inspiration comes from a million different sources.

It comes still (yes, it really does) from the big and grand names that make up the golden circle of couturiers who belong to the Chambre Syndicale and produce ineffably beautiful clothes for ineffably rich people. For the last few years one of the hottest, most followed designers in all France has been Christian la Croix, until very recently couture designer at Jean Patou—the news that he is to set up his own couture house (intrigguingly backed with money from the financiers behind the House of Dior) has produced the kind of headlines in Paris that the news of an MP's indiscretion does here.

It comes from the foreign designers who still flock to Paris to imbibe something of its style and buzz and who stay to inject something of their own into the maelstrom that make up the world of Paris fashion. People like Hanae Mori, Kenzo, Azzedine Alaia, Rei Kawakubo (of Comme des Garcons), Patrick Kelly and Billy Boy the jewellery designer all came as foreigners but now are an intrinsic part of the Paris fashion scene.

Then there are France's own *enfants terribles*—Gaultier (who for all his apparent wackiness is a genuinely creative talent), Montana, Mugler et al who give verve and lift to a fashion world that sometimes might be in danger of taking itself too seriously.

After them there comes a whole band of rising new design names as yet little-known but full of promise—convincing evidence that the supply of fresh ideas, of energy and innovation isn't going to dry up yet.

Many are women who seem, almost as one, to have risen in protest against the unflattering, against the hardledged, against garments large enough to clothe a liner. All over Paris little boutiques are beginning to emerge selling clothes designed to flatter rather than startle, to seduce rather than affront.

Then, above all, there are the people of Paris who know how to make it all work, who are *prepared to go to any lengths* and endless trouble to make sure that every single detail is absolutely right. Not for them the scruffy shoes, the tights the wrong shade, the out-of-date make-up, the badly put-up hem. A French woman who gets it right gets it very right indeed. She seems to have learned at her mother's knee how to tie a scarf just *comme il faut*, how to wear some crazy ear-rings and make them look the chicest thing you've ever seen, how to drape a "pull" and exactly which belt to wear and how. She can dare without looking bizarre, she knows how to look *sexy yet never tarty.*

Just as the French have serious restaurants because they are serious eaters, so they have serious dress designers because they are serious dressers.

IF YOU'VE had your fill of monochrome palettes, of drooping skirts and cover-it-all jackets, you're not alone. A brand new look is out and about on the boulevards and the faubourgs—seductive, flirty, fresh and, above all, feminine. Out in front in pioneering this more alluring form of dress are (left) Myrene de Premonville, photographed at home in her Left Bank apartment, and (above) Lolita Lompicka, outside her boutique in the Marais, wearing her own sweetly clinging black and white silk blouse and slim black skirt.

If this is the look for you look out for some of their designs at Harrods and Whistles of 12-14, St Christopher's Place, London, W1.

New faces to note

THE OLD guard live on, most of them providing impeccably fine and beautifully crafted clothes for a clientele that they have grown to know and understand but suddenly there are new names around, new designers to watch. Here are just a few of the brightest and the best.

Myréne de Prémonville, 8 rue S Marc, Paris 2e. See and buy her clothes at Harrods and some branches of Whistles, in particular the branch at 12-14, St Christopher's Place, London, W1.

With a name like Myrène de Prémonville she could hardly go wrong. The Americans love her, the French love her, and now we are getting a chance at least to know her. Her style, like many of the new wave of young women designers, is intensely feminine—a welcome change from the big shoulders, black leather, *monochrome* bags that have been around for so long.

For summer she offers crinoline skirts, some beautifully tailored jackets and some altogether extraordinary colour combinations. She loves a happy, jaunty look and goes in for many a bow and skirts that are short, short, short. A wonderful collection coming up *for the autumn in particular* very desirable bubble coats, fun and young, yet elegant.

Lolita Lempicka, 15, rue Pavee, Paris 4. Find her clothes here at Harrods, Whistles, A La Mode, 36, Hans Crescent, London, SW1, and Browns of South Molton, London, W1.

Very young, deliciously pretty, she is her own best advertisement for the style she purveys. She has never yet been known either to wear or to design a pair of trousers. She goes in for intensely femine clothes all in finest silk, cottons or wool. Her current look for spring features navy blue and white silk flowered tops and skirts, all floaty and flattering. She goes in for wonderfully seductive evening dress, short, full skirts, plunging necklines (but discreetly so) trimmed with bright red roses on sleeves, on necklines or on the back of a crinoline style skirt. She goes to a great deal of trouble to keep her prices within reasonable orbit—her silk floral dresses sell for about £350, her evening ones for about £400.

Martine Sitbon, currently being stocked hereby Harrods and A la Mode, Hans Crescent.

Another of the new-wave young women who provides the sort of clothes that she herself would like to wear. A self-confessed admirer of old-fashioned glamour, of the style purveyed by Balenciaga, Dior, Schiaparelli et al, she has the gift of designing clothes that are of once young and fresh, yet sophisticated. A good label for evening wear with a difference—impeccably elegant yet *imbued with a sense of fun,* she is one of the hottest names to watch. Prices range from £240-£750 at À la Mode.

Ana Salazar, 12 rue Turbigo, Paris le.

A fairly recent arrival on the Paris fashion scene, Ana Salazar is a Portuguese designer who specialises in an under*stated sophistication, ideal for* the working woman who wants something easy and relaxed to wear. She *tends to* use rather sober, neutral colours but works them through a collection so that you can pick a wide variety of looks that all work together. So far I haven't found a stockist here but if you're in Paris look in on her shop in the rue Turbigo (and while you're there take in Scooter, one of the wackiest jewellery shops around).

Peter Kea, Marché Saint-Germain, on the rue Clement, Paris

A young American, currently attracting lots of attention. He started off with a menswear col*lection but has recently started* producing a line for women—as befits a one-time tailor's apprentice he is notable for the excellence of his tailoring and he produces for women the same strong lines with interesting fabrics that he used for his menswear. Very high fashion, very sophisticated, could be a trifle *avant-garde* for those with more conservative tastes. He's the only known designer to set up shop in the corner of a greengrocer's market—pick up a suit along with today's fresh greens.

Classics revisited

ALTHOUGH it is the new wave and the wacky that tend to grab the headlines, it is often the steady, consistent designers whose clothes are the most worn. Paris is full of designers who seem, year after year, to produce collections that evolve gently with the times, rather than break new barriers with a bang.

These are the sort of clothes that have a place in every wardrobe—on a day when life looks a bit grey, when your legs and your face don't feel up to the bubble, the crinoline or the rubber bra, you reach for the old favourite that never makes demands. Here are some of the best of these old friends to look out for.

Sonia Rykiel, 6, rue de Grenelle, Paris 6e. Find some of her lines here at Browns of South Molton Street, London W1.

One of the great knitwear designers in the world. It's hard to imagine what the knitwear scene was like pre-Rykiel. She is one of the many who came into designing because she couldn't find the sort of clothes she herself wanted to wear. Her first skinny, shaped knits were a sensation and she was really the first ready-to-wear designer to make the kind of impact that previously was reserved for the stars of *haute couture*. She handles knits like fabric, making them soft, supple, following the bodyline.

Agnès B, rue du Jour, Paris le. Due to open her own boutique in London soon. Once a fashion editor, Agnès B turned to designing clothes because (yes, you've guessed it) she couldn't find the sort of clothes she herself wanted to wear. She dislikes intensely anything that speaks of high-fashion, of dressing-up, or trying to impress. Agnès B, who looks about 23 but is a mother of five and grandmother of three, goes for the sort of clothes that are never so fashionable that they rapidly become unfashionable. She herself, when we interviewed and photographed her, was wearing a simple white blouse (the sort she thinks every wardrobe needs) and tweed jacket from some previous collection and a pair of skinny jeans. Her many boutiques (for men, children and lolitas as well as women) in the Little rue du Jour are a regular stopping-off place for many a well-dresse woman who likes clothes that are easy to wear, well-price, effortlessly elegant and that last and last.

Chanel, 29-31, rue Cambon, Paris le.

Coco may long be dead but her spirit lives on. Karl Lagerfeld (in between his own Lagerfeld collection and his luggage for Fendi) is the man responsible for reviving the slightly faded image, for reworking the classic designs, updating the proportions and turning the Coco look into yet another fashion classic. Certainly a visit to the rue Cambo boutique is a lesson in enduring chic—the hallmarks of the essential madamoiselle are all still there but subtly readjusted to suit the modern eye. Chanel just goes on and on.

Hermès, 24 rue du faubourg St. Honoré, Paris 8. Branches at 155 New Bond Street, London W1 and 3 Royal Exchange, London EC3.

One of the great temples of classic chic, Hermès, too, just goes on and on. Young deigners Éric Bergère has been landed with what seems like the impossible job of keeping the status and the classy image but making it young and trendy, too. He certainly tries (some say, too hard). However, the times are on his side—as much of the fashion world goes upmarket, French teenagers are discovering for themselves the charms of fine workmanship an quality. It's no longer just the Queen who wears the headscarves—teenagers borrow from mother, fix them in brand new ways, tie up their trainers with Hermès ribbons and long to own a Kelly handbag.

SONIA RYKIEL IS, par excellence, the mistress of the art of making clothes that fit the body. Her slinky knits were revolutionary in their time and her latest collection for this summer, photographed above, shows she hasn't lost her way of cutting knits like fabric, of making it cling and flatter in her own distinctive way.

Gardening: Arthur Hellyer on a grand gesture to the public

Lady Anne says it with trees

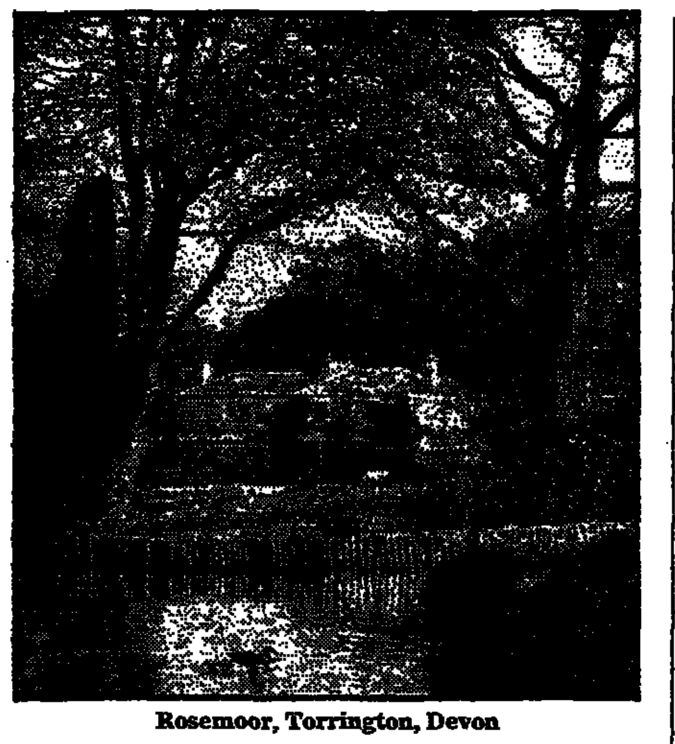
THE ROYAL Horticultural Society has just made an important move in its effort to extend its services to gardeners and at the same time refute the charge that it is Home Counties orientated.

It has accepted the gift, by Lady Anne Palmer, of her fine garden at Rosemoor, Great Torrington, North Devon. It is the first time it has done such a thing since 1903 when it accepted Wisley from Sir Thomas Hanbury who had bought it from the executors of George F. Wilson for that purpose. That was a move of great significance for the society. Will the acquisition of Rosemoor signal another such expansion?

Rosemoor is delightfully situated in the well wooded valley of the River Torridge. There are hills all round and the garden has been landscaped to take full advantage of this natural beauty. Rosemoor itself is a 19th century house with a slight Regency look and it is placed at the western end of the eight-acre garden with the drive coming in close to it and then sweeping through the garden in a great bow to exit at the other end. Lady Anne's parents originally purchased the property in the 1920s as a holiday home and her mother began to make the present garden but it was not until, in 1959, Lady Anne herself discovered the joys of gardening that it began to expand from a pleasant but unremarkable place into one that now attracts visitors from all over the world.

In the early days, Lady Anne Palmer's mentor was the late Captain Collingwood Ingram, one of the great gardeners of this century, but she soon began to establish a reputation of her own, especially for her interest in trees. For more than 20 years she has been an active member of the International Dendrology Society, which exists to promote the better understanding of trees, and this has enabled her to travel widely and gain much knowledge first hand. She began to plant a small arboretum at Rosemoor in 1975 and it has now rached that interesting stage when the trees are thoroughly established and are about to become mature woodland.

But the Rosemoor garden is not just about trees. Shrubs and herbaceous plants are also selected and grown with distinction. The garden possesses what must be one of the finest specimens in Britain of Rock's tree peony and visitors to Rosemoor this June will doubtless see it covered with its immense white and maroon flowers. There is an outstandingly good collection of hollies, including numerous varieties of the so-called blue hollies raised in America by Mrs Kathleen Meserve by crossing the British holly, *Ilex aquifolium*, with a rare Japanese holly named *I. rugosa*. This has the unusual ability to flower and set seed more than once each year and it has passed on this quality to some of its offspring so the chances of getting good pollination and berry set from the blue hollies are high.



Rosemoor, Torrington, Devon

There are hundreds of other good things at Rosemoor, fine forms of *Iris douglesiana*, an excellent and expanding collection of hostas, many species and shrub roses, a brilliant strain of deciduous azaleas, a very carefully chosen collection of rhododendrons and much more. The point about it all is that this is not, and never has been, a specialist garden, fascinating for a few weeks each year then lapsing into dullness.

Though the gift has been offered and accepted, much remains to be done before the RHS can take full control. The present car park facilities are totally inadequate for the traffic that can be expected when members begin to flock in.

Fortunately, there is more Rosemoor land across the road which should provide the necessary space. Proper toilets must be built, staff appointed and housed and numerous other arrangements made. It may not be until late 1988 that Rosemoor becomes an RHS garden, a little *Wisley of the south-west* extending the services of the society and increasing the benfits to its members. Meanwhile, Lady Anne Palmer will continue to open her garden daily from dawn till dusk until the end of October for an entrance charge of £1.

It is fascinating to speculate where all this may lead. Will the society, encouraged by success at Rosemoor, look for another garden or gardens strategically situated to be accessible to as many as possible of its steadily increasing number of members? Is there anyone so generous as Lady Anne Palmer or with so much to give or would it be possible to share a garden with another organisation? I feel sure that these and many other possibilities will be considered and that experience at Rosemoor will play a crucial part in determining which way the decisions go.

Christian Tyler on the arrival of grand opera in Luxor

Egyptian encore for Aida

FOR MOST of the season, Arabi Ahmed the boatman and his *felucca* the "Horus" have been cut off from their customers.

The river bank has been a confusion of mud, concrete and steel reinforcing bars as a gang of Chinese workers raced to complete a new promenade for Luxor, capital of Egyptian tourism.

From today, however, Ahmed and his friends in the small, scruffy town should be making *money hand over fist, thanks* to the extraordinary ambition of an expatriate Egyptian oil trader and travel agent from Vienna, Mr Fawzi Mitwali.

Almost single-handed, Mr Mitwali has brought Verdi's grand opera *Aida* back to Egypt. Fifty thousand opera buffs, artists, technicians and extras are descending on Luxor for 10 performances by the Verona company in the Temple of Ammon, opening night. The *few* hotels are packed, and 60 Nile cruisers are wallowing in *line along* the bank.

The tenor Placido Domingo is contracted to lead off as Radames *for* the first two nights, with a chorus of 200 and a cast *that* includes 350 Egyptian soldiers from the Luxor barracks, "real Nubians," and 60 horses.

A British firm, Beck and Pollitzer, has built the stage, and a three-ton obelisk of steel to complete the pair at the temple entrance. (The missing megalith stands in the Place de la Concorde in Paris.)

Mr Mitwali, who confessed to being "very tired" when interviewed in London recently, claims to have covered the $7m-$10m cost of the show with advance sales of over 25,000 tickets. He is negotiating film and video rights with Italian, *West German and British* television.

Fawzi Mitwali

Ticket sales were contracted out in advance, mainly to European tour operators, in an effort to prevent a black market that would tarnish the image the Egyptian authorities are anxious to present. Despite precautions opera tickets have surfaced in *Cairo*, priced at between $230 and $500, according to one tour operator.

The British will be paying between £780 and £1,250 a head, depending on the length of tour they take with the ticket; the Austrians will pay between 16,000 and 21,850 schillings for a five-day jaunt. Rich patrons have been offered the option of a Concorde flight direct to Luxor.

Eighty American millionaires will be among 3,000 in a contingent from the US, but students, teachers and royalty will be let in free.

Mr Witwali has set aside 100 tickets for President Mubarak and his guests. He expects King Hassan of Morocco, King Hussein of Jordan, members of the Scandinavian royal families, and ex-queen Farida of Egypt. The British royal family will be represented by Prince Charles. "But we refused to have politicians," said Mr Mitwali.

The rich oil trader, a modest-seeming man for such an extravagant project, sees his "Aida" as a kind of peace demonstration as well as a mark of grati*tude to the country he left after* the Suez war.

"It's something good for my country, and I wanted to bring all the people together," he said *in his broken English*. "We have visitors from Israel and Pakistan, from Iraq and Iran. Governments did not succeed in doing something like this. This is the first time. It means we want all the people to live together."

Yet it looks as if Luxor will be hearing more European than Middle Eastern accents. As one of Thomas Cook's Egyptian managers said: "In my opinion it's for highly-educated people. For instance, the Saudis won't come: they only go to Egypt *for the fun.*" *Judging by the* activities of the hard-drinking Gulf Arabs who throng the lifts and lobbies of Cairo's luxury hotels, he is right.

An Italian reviewer of the first night of "Aida," on Christmas Eve 1871, at the Cairo Opera House, had a similar comment.

"The curiosity, the frenzy of the Egyptian public to attend the premiere of 'Aida' were such that, for a fortnight, all the seats had been bought up and *at the last* moment the speculators sold boxes and stalls for their weight in gold.

"When I say the Egyptian public, I speak especially of the Europeans; *for the Arabs*, even the rich, do not care for our kind of theatre: they prefer the miaouing of their own chants, the monotonous beatings of their tambourines, to all the melodies of the past, the present and the future. It is a perfect miracle to see a fez in the theatres of Cairo."

Nevertheless, Mr Mitwali's repatriation of "Aida" has raised some nationalist hackles in Egypt, not least among local travel agencies. For example, a rival company fielding Egyptian *stars appear to have been* lobbying for permission to stage the opera at the pyramids of Giza.

"Mubarak refused permission," said Mr Mitwali, "But I hear that they might do it—maybe after our 'Aida'."

By then Mr Mitwali will have moved on—perhaps to Japan for "Madame Butterfly." "I want to bring all the opera home. That is my wish. But first I want to sleep."

Meanwhile the horse-and-buggy drivers of Luxor are *polishing the brasswork* and Ahmed the boatman is ordering more visiting cards. Luxor may see nothing like this again for a hundred years.

Sow-sow time

AS A seed-sower, I am thankful to see the back of this April. How can you possibly sow poppies for this summer when the rain begins by washing the rows away and the sun then dries the surface into a hard cake? It would be easy to despair and rely on garden centres' tender bedding plants in six weeks' time. It would also be expensive and rather narrow. There is more to a seed-sower's garden than another strip of petunia plants.

In fact, the sowing season extends much further than most gardeners realise. Usually, I find myself sowing a second round of annual flowers as late as *June. They are ready for* thinning by early July and for planting towards the end of the month.

By then, the first annuals are curling up or running to seed; pull them up, plant out the new intake and shade them between the hours of 11 and 4 during the first week of hot weather outdoors.

I find that back numbers of the FT are excellent at absorbing hot air, not giving it out. Under a pink canopy, the new seedlings establish themselves quickly and come into flower by early September.

For this second relay, I grow everything on in boxes under unheated glass or in frames, *whether or not the plants* are hardy. The seedlings can be quite sizeable before they are moved. It is too risky, I find, to think of sowing directly into the ground in high summer, as a week's hot weather can make it like bricks.

Choose annuals which do not have *single* tap roots, the problem with poppies, for instance, and then you can transplant anything quite easily. They will flower from the first autumn dews until the frost.

The moral of this practice is that it is never too late to sow, least of all on the verge of May. Nowadays, there is no need to waste time by sending away for something special. The big seed growers now cover garden shops very thoroughly with packets of quite specialised flower seeds. They give a wider range than the usual boxes of ready-grown summer bedding.

Off the shelf, my first choice is always that unpublicised marvel, Echium. Sown now, it will sprint into flower by late July and will withstand either extreme sun or miserable wet. It also responds happily to a second, June sowing; the seedlings bush out into rounded plants about a foot high and cover themselves with cup-shaped flowers of blue, pink or white. Eventually, they run to a few single flowers at the end of their rough stems which expose too much of their hairy leaves, closely related to borage.

At that point, you should cut the whole plant back and force it to flower again or replace with a mid-summer sowing. I can never decide whether I prefer the selected china-blue of Blue Bedder or the pink, white, blue and mauve mixture which is much more civilised than it sounds. I have never known this annual fail in 20 years and cannot imagine why gardeners do not bed it out as a first choice. It sets masses of seed and after one year you need never buy any more again.

I also recommend its close relation, the Chinese forget-me-not. It is even better nowadays, because you can buy a selected sky blue form which will grow for anybody. It is called Cynoglossum Amabile Firmament and produce so many flowers that every modern snapdragon ought to blush.

It is hardy, not so coarse-leaved as Echium and is outstanding value at 40p a packet. It will even put up with dry soil in light shade and as its flowers remain open without sun, I prefer it to the better-known deep blue of plants such as Blue Pimpernel. Almost nobody appears to bother with it, surely only through ignorance.

In a wetter place, why not try musk? Even its Latin name, Mimmulus, sounds familiar and old-fashioned but actually this family has been transformed in the past five years.

The gloomy summer of 1986 showed me what the new varieties can offer. Mimmulus Calpso Hybrids, from Thompson and Morgan of Ipswich, really do flower about eight weeks after sowing. They are much more tolerant of a dry spell than the older types of musk and they coped well with that brief burst of heat at the end of last June. About six inches high, they are brilliantly coloured but not vulgar.

Lastly, there is one recent annual which will give anyone a sense of achievement, however late they wake up to it. Mallow was always a good family, but the newish pure white Lavatera Mont Blanc has an intensity of colour and a general vigour which is unsurpassed.

A few flowers go a very long way, but their strong shade of *white can keep company with* the most refined white garden as the evenings lengthen. Two years ago, I had it among the scented Mignonette Red Monarch and the elegant scarlet flax or Linum.

It can only have been perversity which made me buy anything different for 1986; all *three of them, I see from my* notes, were sown around May 7 so this year, they will be back in force for a total cost of £1.1? to last throughut the summer.

Robin Lane Fox

Collecting

Enemy below

THE POLITICS of the deterrent are nothing new. When the American Robert Fulton offered his scheme for a naval torpedo to the world in 1810, he justified a weapon that then seemed so dreadful, as a means of keeping the peace.

Fulton was one of those self-educated polymaths who proliferated in the Age of Reason. An American of Scots-Irish descent, he was born in Little Britain, Lancaster County, in 1765. His father died when Fulton was four, leaving his widow to raise five children.

Somehow she managed to give Robert a rudimentary education and by the age of 10 he displayed a precocious genius for drawing. His early enterprises as inventor sound like Tom Sawyer adventures. At 13 he made a sky rocket and at 14 he devised a paddle boat to take his friends fishing on the local creek.

Having earned enough money as an artist and portrait painter *to set his family up in a farm*, he arrived in London to study with the successful American painter Benjamin West. In Britain the passion for inven*tion soon took over completely*. He became associated with the Duke of Bridgwater, devised innumerable improvements to canal navigation, and began to sign himself "Civil Engineer." He invented machines for cutting marble, for spinning flax and for twisting rope, and built cast iron bridges and aqueducts.

The Napoleonic Wars inspired the nautical inventions for which he is today mostly remembered. In 1800 he perfected a submarine called the *Nautilus*, which could stay under water for four and a half hours. Napoleon was enthusiastic enough to commission him to proceed against British ships, but when the *Nautilus* failed to overtake any, the French lost interest. With admirable impartiality Fulton then placed the *Nautilus* at the disposal

Work on submarines had, however, suggested to him the idea of developing steam navigation. Returning to America, after some years of experiment in Europe, he launched the world's first commercial steam ship line, on the Hudson River, in 1807. The maiden voyage of the *Clermont*, scheduled to take five days, was triumphantly accomplished in 32 hours.

Meanwhile, however, Fulton had been applying his mind to the destruction as well as the construction of shipping; and the reason why he figures this week in a column for collectors is that in their book sale of May 13 Christies will sell a copy of his rare pamphlet *Torpedo War, and Submarine Explosions*, published in 1810.

The blowing-up of the "Dorethea" at Deal, 1805

As with the submarine, he tried to interest both the French and the British in his invention. His most successful demonstration of its effectiveness was when (to order) he destroyed a Danish brig, the *Dorothea* in Walmer Road, near Deal. He had chosen a spot *within view of* Walmer Castle, then the home of Pitt; but unfortunately the Prime Minister was called to London and missed the fireworks.

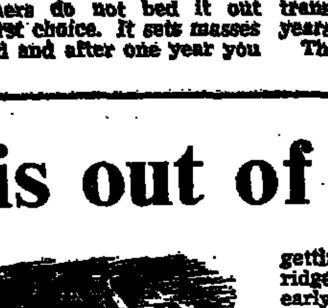
Having again failed to convince the European adversaries, Fulton appealed to the American Congress.

Congress seem to have given him no more encouragement that the European powers and Fulton returned, with satisfying commercial success, to his *steamboat enterprises*.

His submarine pamphlet is elegantly printed in oblong quarto, with lively woodcut plates. The Christie copy contains the bookplate of *Admiral* Lord Keith, who had been in charge of the assault on Boulogne when Fulton's submarine devices proved ineffective. Considering its rarity, the pamphlet seems not too high-priced an item: the saleroom anticipates a price around £1,000 for it.

Janet Marsh

Spring is out of step



Country Notes

THE WARM sun of the last two weeks has finally brought spring to the farm and garden. But it has been a long time *coming*, and even now the oak and ash trees around the house are staging a slow race to be the last to come into leaf.

This is important to any believer in the *traditional* rhyme which goes: "If Oak is in leaf before the Ash there will only be a splash. But if the Ash comes before the Oak, there will be a *mighty soak*." At present the signs are the oak is winning. That means a dry summer.

In fact a drought may be starting now, because although the first week or so of April was of the wettest, the strong winds which accompanied the rain — and the intensity of that rain — hammered the ground into the consistency of concrete through which crops and grass have the greatest difficulty growing. I would say that the farm is at least a fortnight behind what I would consider normal for a good spring.

But of course I am prejudiced. As soon as we get halfway through January I begin to look for signs that growth is going to start again. (Never more so than this year when I spent most of the winter either sickening in hospital, or convalescent.) There was a brief mild spell in late February when a pair of hardy magpies were repairing a nest outside my hospital window. But that did not last long and March was looking for some rain which.

By the end of the Mouth I was looking for some rain which of course we got in April, but it was not the right sort. The land must have been very cold indeed, as crops made so little growth. I began to despair. Nor was there any life in the hedges. In a normal spring if you look hard you can often find elders and young hawthorne in leaf as early as the end of March. This spring they were barren until well into April.

The weather seemed to make little difference to the sexual affairs of the wild life. I saw masses of rabbits at their mating games in March, and now there are young ones everywhere. I hope some myxamatosis will keep them from getting too numerous. Partridges, of course, mate very early but nest late. I have found no pheasants' nests yet but the promiscuous cocks which survived the shooting season have assembled their harems at the normal time. The cuckoo has been heard—not yet by me—but seems to be late. I am sure he leaves Africa at the normal time, but only gets busy when he warblers and other birds he exploits have nested. I don't believe his intelligence service can tell him the British temperatures.

Last week the hot weather brought a big hatch of tiny flies and our resident tits suddenly abandoned the peanuts which they had been devouring and disappeared, favouring, no doubt, a carnivorous diet.

Last week too, the bluebells quite literally burst into bloom and my broad-leaved woods are a pleasure to explore. There has even been some recovery among the primroses which had been decimated by thieving motorists in previous years. Can't these people realise that wild flowers will not grow in a surburban garden.

Anyway, difficult and disappointing though I found this spring it has come at last and I am pleased to welcome it. But I would like a nice warm rain over the next week or two so I hope the ash trees green up first.

John Cherrington

Charm of china

BLUE AND white china is one of those enduring classics that always charms. For those who have given up hope of finding bargains in antique shops but don't want the ubiquitous Willow Pattern despite loving the refreshing prettiness of blue and white, ICTC have now brought out two new collections based on this perennial charmer. The range created by designer Lilian Delevoryas relies on sweetness of mood.

Lilian Delevoryas made her name as a painter and then as a designer of needlework kits so it isn't surprising that her china has a distinctly painterly look—all soft and smudgy blue and white. Besides tableware like plates (£4.25 for a 10 in size), bowls, cups, jugs and tea-pots (£16.75 for the large size) there is also a large lampbase in the series at £39.50.

In much more modern mood is a collection from Germany marketed under the name of Clouds. Featuring a blue sky background and adorned with white clouds, it also has less nostalgic shapes and style. There's a wide selection to choose—from a full dinner service to small individual pieces like egg cups, butter dishes, trays, etc.

For those who are given to matching everything, there is also a linen tablecloth, measuring *100 cm by 100 cm, for £9.95.* A dinner plate sells for £7.85, a mug for £3.80.

Both sets of tableware can be found at all ICTC stockists, and in particular at Divertimenti of 68 Marylebone Lane, London, W.1., and 139, Fulham Road, London, S.W.3.

●

WHEN Next Interiors launched its version of the contemporary look about the house, some of the most instantly desirable objects in the entire collection were Janice Tchalenko's marvellous ceramics. Here was genuinely fine pottery available at incredibly low prices. Her vases sold for anything from £12 to £25 and had the look of pieces costing anything up to five times more (indeed, very similar pieces were selling in up-market designer/decorator shops for five times more). I have several of her vases still and much pleasure they go on giving me.

Janice Tchalenko and Next Interiors have parted company but she goes on doing stunning *work for Dart Pottery, a new* company formed from a management buy-out team from the old Dartington Hall Trust. Fans of the Tchalenko style will imediately recognise the fine sense of colouring, the strength and boldness of shape and design.

Sketched top right is the latest design—Black Rose—a design at once strong and subtle, featuring a smudgy white background and black flowers with a red centre. Prices happily, are as good as ever, with the large salad bowl at the back selling for about £26.60, the small bowl in the front for about £10.40 and the vase on the right for about £8.82.

Find them at Dart Pottery, Shinners Bridge, Dartington, Totnes, Devon; The Craftsman Potter's Shop in Marshall St, London W1; the Design Centre Shop, Haymarket, London; and good craft galleries up and down the country.

Meanwhile, Next Interiors still seems committed to its *policy of fine ceramics at acces*sible prices and has on sale at the moment a delectable selection of blue and white—some soft and smudgy, some strong and dramatic.

Shown here is a big serving platter—one version blue on white, the other white on blue—both are £29.99. With them is a selection of blue-rimmed pottery—the jug is £12.99, the cup and saucer, £4.50, the bowl £3.50 and the plate £3.99.

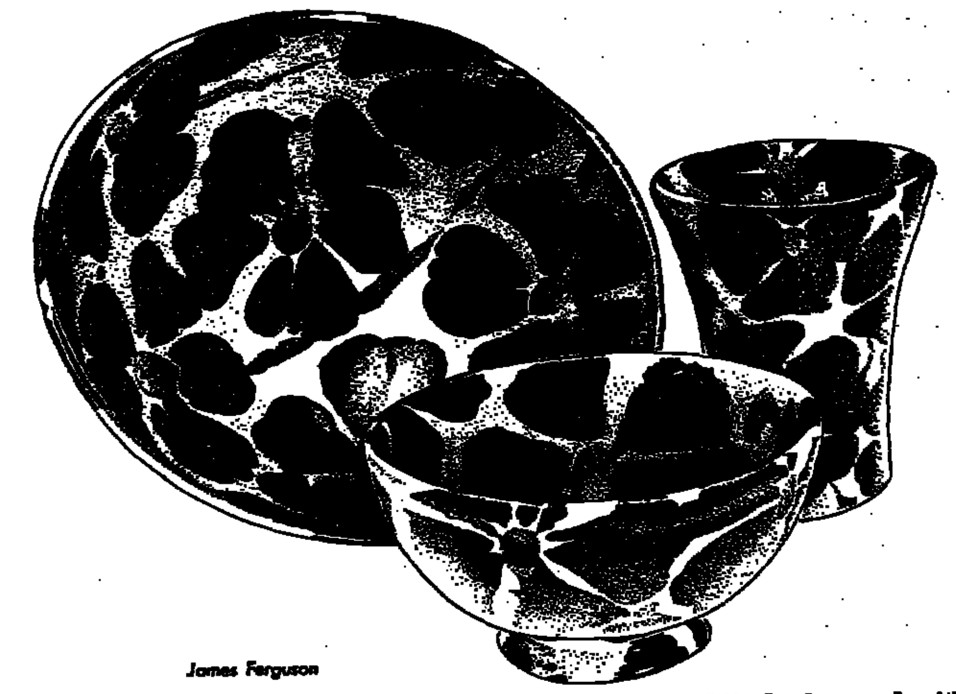
Finally, if you really are in the mood for delectable china don't decide without looking at some marvellous new *Queen*borough Ware — old-fashioned shapes with creamy backgrounds are awash with tumbling cabbage roses. Hand-painted each and every one, the small bowl is £17, the large one £48. Coming soon are lampbases, cachepots and a pot-pourri holder. Find them at the General Trading Company, 144, Sloane St, London SW1, and Joanna Wood, 48a, Pimlico Rd, London SW1.

Lucia van der Post

HOW TO SPEND IT

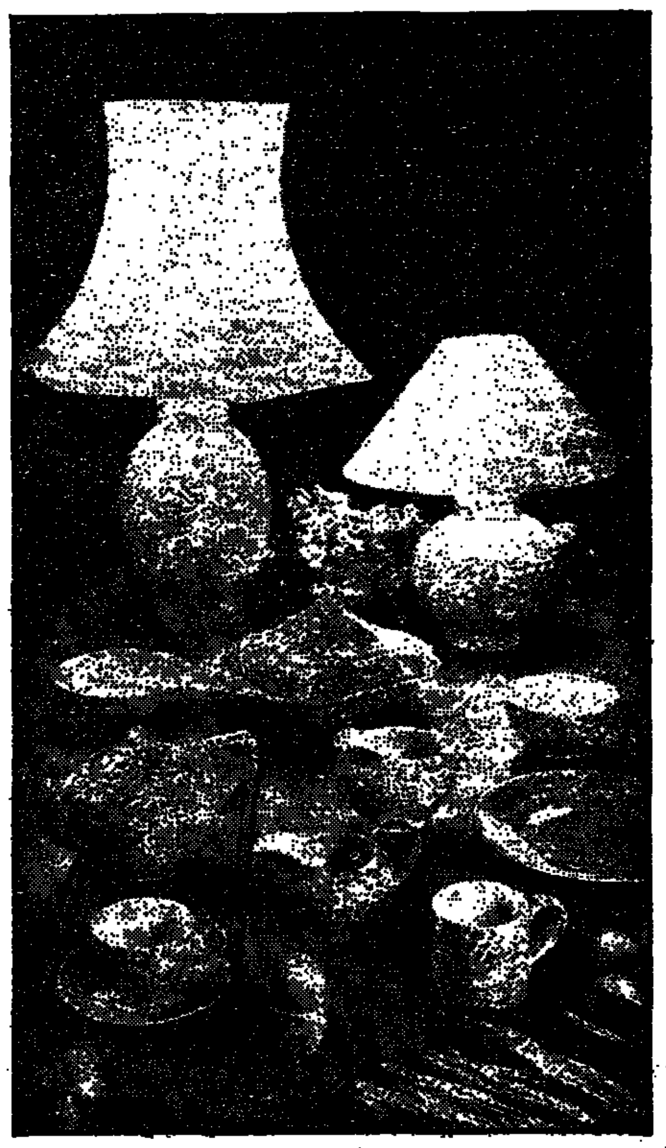
Blue on white and white on blue — the new generation of desirable ceramics from Next Interiors

Hand-painted cabbage roses tumble all round and over the edge of Queenborough Ware's simple classic bowls and plates



James Ferguson

Janice Tchalenko's stunning designs for Dart Pottery—white background with striking black and red flowers on strong, simple shapes



Lillian Delevoryas's soft, smudgy blue and white flowers for ICTC, all in gentle nostalgic mood

Sport comes into fashion

THE inducement this summer to keep trim are huge. Firstly, the hedgehogs and the rhubarb are doing whatever it is that hedgehogs and rhubarb do when there's a good summer on the way. Secondly, the word on the fashion front is short and skimpy, figure-hugging and bump-revealing. So if keeping in trim has always been something that you were going to do tomorrow, my advice is to try and make it today.

Marks & Spencer, ever alert to new ways of attracting our disposable incomes, has just introduced a range of sports equipment which is so attractively priced that it is well worth looking at. There is, for instance, a lightweight graphite tennis racket for just £45, a half-set of golf clubs for £99.95, croquet sets for £59.50, an executive set of dumbells for £22.50 and so on.

For those who believe in exercising in the privacy of their own homes there is the exercise cycle—for just £99.95 you too could have thighs like Selina Scott, legs like Angela Rippon and a bosom like Samantha Fox.

Sports equipment is available from M & S stores in Cardiff; Glasgow, Argyle Street; Kingston; Liverpool; Newcastle Metro Centre; Nottingham and Reading.

IN BRIEF

NOW IS the season ofthe lawnmower and the power tool as the gardeners and the do-it-yourselfers get into full swing. Every year somebody is electrocuted or injured using one or other ofthe many electrical gadgets around the home. Enter the Powerbreaker — in plug, socket or adaptor form the Powerbreaker does what it implies. That is, as soon as there is an accident of any sort, like a cable being run over, the power is instantly cut at source. About £20, but it seems a gadget well worth investing in. Find it in Woolworths and good electrical stores.

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ANYBODY who finds the prices of works of art in the established galleries beyond their means should hurry along to the Barbican Centre's Concourse Gallery where from now until May 23 (except April 30, May 13 and 21) they can see (and buy) a large selection of *works by artists young and old,* new and not so new. There are etchings and mixed media prints, watercolours and oils. Work ranges from the representational to the abstract, from charming still-lifes to scenes of the Welsh countryside. Prices start as low as £22 and the most expensive painting on offer is Douglas Wilson's oil of May.

Open from Monday to Saturday from 9 am to 9 pm and from noon to 9 pm on Sundays, this is a marvellous chance to see a wide selection of utterly contemporary work at very accessible prices.

THERE IS more to London's Docklands than new newspapers. Norman Holland runs an exclusive, little business down there selling high quality teas by mail to anybody and everybody who appreciates what tea should really be like.

Mr Holland delivers teas personally in the Docklands area, otherwise he does it by post. Everything from a fine quality Assam to a scented China Jasmine can come wingin gthrough the air, courtesy of the postal service. Prices vary between £1.90 for 500 grams of the Assam to £3 for 500 grams of Finest Earl Grey (which, did you know? is china tea scented with oil of Bergamot).

Write to Mr Holland at 48 Cannon House, West India Dock Road, E14 for a mail order list, including sae.

LvdP

Cookery

Bright young things herald spr ing

FINE weather and a flurry of activity in the garden over Easter have whetted my appetite for fresh young vegetables. The offerings of my own garden are months away from gracing the dining table, as yet barely breasting the ground. Sorrel is the exception, each clump a fat cushion of fast unfurling bright green leaves, like spinach working on overtime. It seems right that sorrel should be first. Its gloriously sharp clean taste in the perfect spring tonic.

I have been using it to make **Polish Salad Soup,** which can be served hot or cold and makes a lovely prelude to grilse or young lamb for dinner. Simmer 6 oz sorrel, 2 oz watercress and a medium-sized onion, all roughly chopped, in about $1\frac{1}{2}$ pt water or stock in a tightly covered pan for 45 minutes or so until the vegetables have given all their flavours to the liquid. Pass the mixture through a mouli-légumes. Serve hot, lightly enriched with an egg and cream liaison, or chilled and thinned with $\frac{1}{4}$ pt smetana or soured cream. Garnish with finely chopped hard-boiled egg.

Sorrel also provides an excellent finishing touch for **Spring Potato Salad.** Use the young Jersey Royals just coming into the shops, or try Waitrose for La Ratte. Dress the potatoes with vinaigrette while still warm from steaming and serve them as soon as cool under a green canopy of chopped sorrel.

For a crisp and piping hot hors d'oeuvres or mezze to nibble as you linger over preprandial drinks, I recommend **Spinach and Sorrel Filo Pies.** Cook about $\frac{1}{2}$lb each spinach and sorrel. Squeeze out all moisture and chop (save the liquid for soup). Mix with a little finely chopped onion softened in oil, 3-4 oz salty sharp Feta cheese and a seasoning of toasted and lightly crushed cumin and coriander seeds. Put small spoonfuls of the mixture on strips of buttered filo pastry and fold and roll up each one to make a plump and neat miniature triangular pillow. Deep fry or brush the little pies with more butter and bake until golden.

Cultivated crops can be supplemented by wild leaves. Young dandelion leaves make an agreeable alternative to sorrel in potato salad, and their refreshing bitterness breathes fresh life into dull hothouse lettuce.

Lardons of hot, thick-cut streaky bacon are the usual garnish for **Pissenlit Salad;** *snippets of deep fried chicken* skin plus a handful of toasted pumpkin seeds make a good variation.

Young nettles are also delicious. Young is the operative word — old nettles, like old dandelions, are a penance to eat. Pick nettles when they are just an inch or two high. Chop them and stew in a splash of water with a knob of butter; bind them with a little sauce mornay; spoon into the bottom of ramekin dishes and crack *eggs on top for a substantial* version of Oeufs en Cocottes.

It shouldn't be too long now before the first sweet bunches of feathery-fringed young carrots come into the shops. They look so pretty that I can hardly bear to cut off the foliage, and I love the idea of Stuart ladies using the greenery to decorate their hats.

Last year I used my first bunch to make a fragrant **Risotto with Carrots and Mint.** Cut the carrots into matchsticks and stew them briefly in a little very good olive oil with a scrunch of black pepper. When just tender grate over them a *soupcon* of orangezest and add a sprinkling of fresh torn mint leaves. Gently stir the contents of the pan into a dish of arborio rice cooked in the usual way but made without saffron and including the juice of an orange.

Another vegetable already in the shops, which arrived long before the first cuckoo, is Florentine fennel, whose pretty pale green colours and faint anise flavour always seem to me so appropriate to early May. If the weather is clement I use it to make a cool creamy soup I call **Fennel Vichyssoise.** Sometimes I cube and fry fennel with almonds for a crunchy accompaniment to delicate poached chicken.

But my favourite just now is **Grilled Pork with Fennel.** Slice two or three fennel bulbs thickly and reserve the feathery fronds. Steam or boil the slices until just tender, blot dry and lay them in a gratin dish moistened with good olive oil. Lay pork chops on top (chops that have been marinated in olive oil with lemon — and a dash of Pernod perhaps). Grill, basting as necessary, until the meat is succulent and tender. Remove the pork and slide the dish back under the grill to glaze the fennel with the meat juices. Let it frazzle and begin to burnish with gold. Season, return the chops to the dish and garnish with the feathery fennel fronds.

Philippa Davenport

Anne Morrow

FOOD FOR THOUGHT

Johnny come latke

WITH no cuisine of our own to speak of, we are suckers for everybody else's. As long, it seems, as it can qualify as exotic in some way.

Beetroot, cabbage, herrings, vinegar, cheese and beer. A litany of all we reject: as both *old-hat and unexotic. No* memories of Mediterranean holidays there, no whiff of faraway places with strange-sounding names, Montego, Lanzarote, and Playa de Aro. These foods carry a whiff of rainy nights in Cleckheaton, landlady's suppers in Oldham. And yet, heaven help us, we like the flavour of these good sour things: vinegar, cheese and beer are the staples of the saloon bar flavour offering.

Among all the exotic cuisines that find a home in London, nobody seeks to bring us the flavours of North-Eastern Europe—those that begin in Lille and go on through Kiel to Danzig and beyond. If you go really beyond you're into Russia; and Russian food has always had a certain chic in London, Paris and New York. All that caviare and vodka I suppose. And it's far enough away to qualify as exotic. So in a way is Hungary. The Gay Hussar in Greek Street, a haunt of socialist chic and Tom *Driberg (or are they the same thing?),* continues to serve immensely filling portions of gutsy magyar food; but it has never developed any take-away followers.

I have often noticed that what distinguishes a dish of classic French food served in a Paris brasserie from the same thing dished up by a devoted Kensington imitator is the comparative sourness of the real French version. I was brought up to think that vinegar was "common" and I think that the sourness of northern European food suffers in our eyes as a result of this kind of prejudice. Sauerkraut! What a doubly unappetising concept. As if cabbage unsour weren't bad enough. And yet the people who give sauerkraut a resolute thumbs-down will plunge into all kinds of ragouts of fish lips and pig's unmentionables as long as they are from the other side of the world altogether. Remember that the Romans were very fond of sauerkraut.

Eastern European food is (without having to dredge up an ideological reason) working class. Now we may be told, or persuade ourselves, that classic provencal food is working-class too, but we don't mind that because it brings to our minds the Mediterranean and holidays and the Roman Empire. But why don't we accept the food of the north, where we live?

Eastern European food is immensely beguiling in my imagination, because I have never been there. I spent a lot of time in Vienna where the cooking is metropolitan/cosmopolitan/imperial and very towny—cafe food in fact, more so I think than Paris. But East European, hardly: I don't think I had a dish of red cabbage all the time I was there.

Other cuisines of poverty we are prepared to take to our bosoms. Look now at how Elizabeth David wrote about pizza in the 1950s as a rock-bottom Neapolitan fill-up. Where is it now? This staple food of the young and mobile is fast, streetwise and delicious. But will borshh ever become streetwise? Or red cabbage with boiled pork knuckle? I hope it might, because it's the kind of thing we could really do very well—ingredients to hand and no exotic skills required.

Perhaps it will come roundabout from New York. All that New York Jewish food is East European, Polish and German, in origin. Jewish dietary laws have imposed their dreary hand but at the same time the New-Yorkery of it all has made out of these unpromising beginnings food which is fast, snappy and streetwise. Oh, the latkes and knishes and blintzes, what kind of American oomph and self-confidence has turned these things into snazzy today foods?

Their day will come, mark my words, and with the added bonus that after such a long and circuitous journey no-one will be able to say "this and this alone is the genuine article."

With your money, you can choose the name. Danzig Corridor? The Greasy Pole? Over the Wall? Just suggestions. I think we're going to have to keep it cheap.

Peter Fort

• WEEKEND FT REPORT •

Clocks and Watches

CLOCKS AND watches provide an interesting market for all—the collector who wants to fiddle around with ancient movements, the alternative investor and the person with an eye to fashion. Today we look at all areas of this market, the boom in wrist watches, the fascinating world of the clock, the developments in movement and style of the quartz watch and the battle between Japan and Switzerland and the growth of chronometers after the sinking of a British fleet.

As time goes buy

THE AUCTION market for antique and period watches is going through its fourth change in recent years. First it was early watches (pre-1720 and there are fewer around than there should be, partly because we melted down a lot of gold to pay for our Civil War and Louis XIV followed suit to finance his war against Marlborough).

After the early watch boom came a demand for decorative pocket and fob watches of a later period, then precision watches with their sophisticated mechanisms. But now while three three markets tick along nicely, the real new action is in the wrist watch sector.

This has surprised a lot of dealers and experts. Roger Lister, who has just joined Christie's (South Kensington) to run a new clocks and watches sector, says: "I was a private dealer when the wrist watch boom began and some of us missed out. They though it was a one or two year wonder, but it has gone on."

Wrist watches can hardly be classed as antiques. They began around the turn of the century and sold steadily, but not dramatically, until 1914. Most experts agree that the first boom came with World War One—wrist watches were more convenient for soldiers, particularly officers, to wear in the trenches. The further growth period in the 1920s and 1930s coincided with the decline of the waistcoat and, as a result, the decline of the pocket watch.

But even the later-produced pre-quartz wrist watches are fetching big prices. Philip Whyte, who with partner George Somle, has a shop in London's Piccadilly Arcade just up the road from the Ritz, points out that a man who looks on a watch as a decoration to his wrist can do much worse than look at the secondhand market.

For example, a new watch by Patek Philippe, the great Swiss maker, can be bought for about £10,000. But buy a secondhand Patek Philippe made in the 1950s (almost the same design and in perfect working order) and he will pay about £4,000.

Patek Philippe, Rolex, Vacheron Genstatin and a few other prime makers are the most sought after. It is ironic that Patek Philippe recently paid over £100,000 at Christie's Geneva sale to buy one of its watches back to dislay in the company's museum.

Movements in the watch market are highlighted by the changes at Christie's. Its South Kensington offshoot has always sold clocks and watches at its periodic jewelry auctions. But Roger Lister's appointment means the setting up of a separate clocks and watches section. There will be monthly auctions – a price limit somewhere in the £3,000-£5,000 area for clocks and pocket watches, but taking over all wrist watch sales in the London area. South Ken's first clocks and watches auction is set for June 11 with closing date for entries May 15.

At Christie's King Street headquarters in Mayfair,

Alan Forrest on watch auctions and the wrist watch boom

Richard Garninere is planning a May 13 sale in Geneva. It includes such mouth-watering items as "A Collection of Watches Made for the Turkish Market—the Property of a Gentleman" with estimated prices ranging from £200 to £20,000.

In London, Sotheby's limbers up for a May 14 clocks and watches sale. A good range of wrist and pocket watches – Patek Phillipes, Vaucheron and other prime makers estimated up to £4,000 and some nice 18th and 19th century pocket watches. One item that may surprise everybody is a 1930's "Amusing Plant Pot Timepiece" – a plant in a pot with the face in the centre of the flower and the works in the pot. "We put it in for fun" says Tina Miller, Sotheby's watches woman. Estimated price is £70 to £100, but dealers in the know think it will fetch rather more.

The pocket watch market was put on its toes last year when Christie's sold a Blois enammeled watch (dated around 1640) for nearly £700,000 at a Geneva sale. But there are still areas for more modest collecting in the market. The problem is whether to restore or leave alone. Probably "leave alone" is the best advice for collectors and dealers in early watches. Richard Gardinere says: "whenever I get a phone call from somebody saying he has got an 18th century watch in perfect working order I groan".

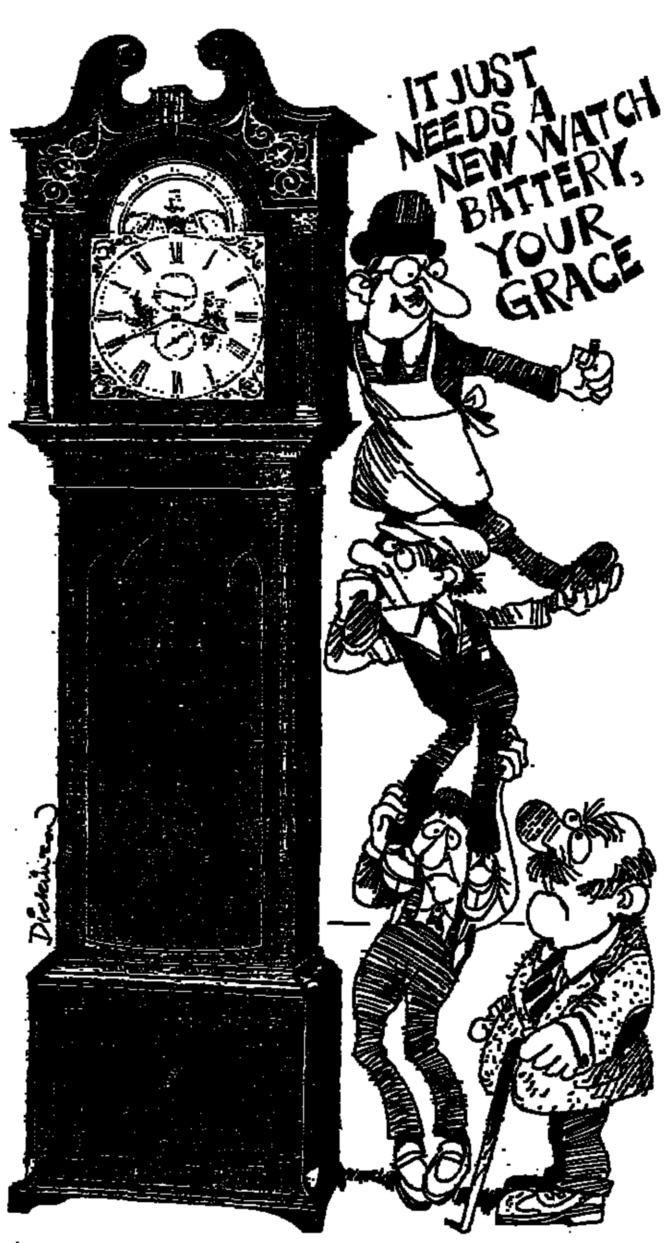
He means that the watch probably has a 19th century mechanism, which takes a lot from its value. Early watches are best left alone or at least, with a minimum of restoration. Which raises the general topic of restoration. Roger Lister says he is appalled by the condition of watches in British sales compared with items sold in Switzerland, France or the US. "One of my ambitions now I've joined Christie's is to improve the condition of watches in auctions," he says.

Philip Whyte, whose Piccadilly shop has a restoration service, says: "Yes, but its not just that the continentals look after their watches better. They restore them before putting them on sale and that means that you have no options. It could be better to buy a watch which is not in perfect condition and then take it to a restorer. Then you can make up your own mind about the nature of the restoring."

But whatever you do, the watch market has several attractions—wrist watches do appreciate in value, but probably only slightly over the rise in inflation. Pocket watches are an alternative investment. Fashion and vanity dominate the market. The history of a time piece is, of course, important. Christie's in Geneva is selling a gold and enamel watch made for the Empress Josephine and expects it to bring about £28,000.

The gold watch carried by Sir Cloudesley Shovell when he sank a fleet off the Scilly Isles (mentioned elsewhere in this report) recently sold for £2,400 (£800 would have been the price if it hadn't belonged to him) and a watch that had been owned by Clive of India's enemy, Tippoo Sahib made £1,500 instead of the £600 usually expected for that kind of 18th century gold watch.

Continued on Page XVI



Antony Thorncroft reports on antique clocks

Solving mechanical mysteries in a difficult market

ON APRIL 9th, in a furniture sale, Christie's sold a Queen Anne ivory japanned longcase clock by Daniel Quare for £220,000 to the London dealer R. A. Lee. It provided the confirmation, if any was needed, that the antique clock market, especially at the quality end, had finally shaken off the depression of recent years.

Christie's had put a £50,000 top estimate on the clock but two keen buyers bid it up. For months there had been surprise that while 18th century English furniture had appreciated in price by leaps and bounds longcase clocks of the period, of much finer quality, were out of favour. Antique clocks may still be under-priced but the prejudice against them is melting away.

There is no doubt that antique clocks are a difficult market. The mechanical mysteries of their insides deter prospective buyers as much as the changes to their exteriors—often there is a long age gap between the two in the same clock. In addition the speculative investment in clocks in the late 1970s burned many fingers—prices in some sectors have only now reached the levels of a decade or so ago. Finally there are worries about repair and maintenance.

But the economic boom of recent years is prompting more of the newly enriched to buy an appealing clock for their homes, or, ideally, three—a longcase (rarely Grandfather) clock for the hall; a bracket clock for the drawing room; and perhaps a carriage for the bedroom. To a great extent this is not an investment-minded market, and there are few collectors with, say, a dozen longcase clocks. Most enthusiasts are content with a small collection which they constantly improve.

This is what the trade likes. At the top end, represented by R. A. Lee, a group of committed collectors to whom it can pass on high quality clocks when they appear on the market is preferable to a speculative business, flooded by newcomers. The trade dominates antique clocks, buying over 80 per cent of the auctions organised by Sotheby's, Christie's, and Phillips; repairing the clocks; and then passing them on to the public. They act as the confidential, expert, middlemen, although Michael Turner, of Sotheby's, is quick to point out that the salerooms can also advise new buyers on the repair of clocks.

The market splits into certain well defined sectors — the serious, committed, buyer of a longcase clock is likely to find carriage clocks frivolous, and, indeed, they constitute a decorative sector, perhaps more akin to silver candlesticks and golf snuff boxes than horology, and often sold abroad. Longcase clocks are the heart of the trade, at least in the UK, which introduced them to the world in the 17th century. It is here that the makers name matters most. A signed 18th century clock, even by a minor maker, can be worth double the value of an anonymous longcase, and the top names—Tompion, Graham, Knibb—command a considerable premium.

Richard Garnier of Christie's traces the price movements of a Thomas Tompion longcase clock. Tompion, at his peak in the late 17th century, is the great name, but his prolific output of over 500 clocks makes him available to the rich enthusiast. Between 1945 and 1965 a decent Tompion might have risen in price from £5,000 to £7,000. By 1968 it was selling for £15,000 at the top end; by 1974 up to £20,000.

Then the market collapsed, with the Stock Exchange and prices all but halved. By 1976 it had staggered back to £15,000 where it stayed until 1982. It has since risen quietly to around £25,000. Of course exceptional examples fetch much more. The Mostyn Tompion, now in the British Museum, was valued at £1m, and other examples have topped £100,000.

You can still buy a late 17th century longcase for under £5,000, but it will be in doubtful condition. A good 18th century London longcase, in mahogany, might cost £3,000—more if it is by a desirable name, less if it is made of oak. These are auction prices. Dealers charge more but offer better guarantees. There are only a few early 19th century longcases, but they can be cheaper. The style returned to fashion in the late 19th century, with the monster, seven foot high, Grandfathers, which now usually make around £1,500 at auction. There is a prejudice in favour of London makers, so most bargains will be found among attractive provincial longcase clocks of the 18th century. You can still acquire an 18th century longcase of some worth for as little as £1,500.

Smaller clocks for the table or dresser present more of a challenge. The very ornate ormulu French clocks of the mid 19th century have gone out of fashion: perhaps the absence of the Arabs as keen buyers has prompted the fall in price. A good example might make £3,000, but many cost much less. It is the same with French carriage clocks of the same period. The market has been flooded with reproductions, and taste has moved on to more austere clocks. A French carriage clock should be less than £300, although anything unusual—with porcelain or enamel trimmings—will do well.

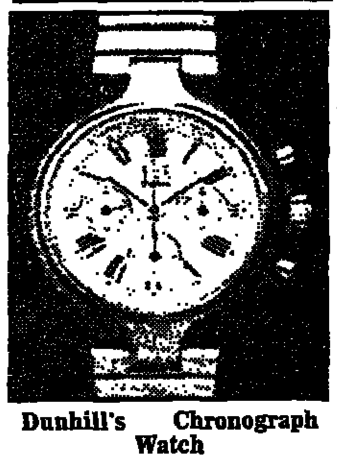
While French clocks have declined in price in the last few years English bracket and carriage clocks (which are rarer) have risen in value. A mid-19th century English carriage clock by a good maker, like McCabe, could be worth £4,000—Sotheby's has secured £12,000 for one example. The rise in prices in recent months is bringing out more clocks but the appearance of private buyers—British, American, continental, and, most recently Japanese—should ensure that the stronger market continues. Indeed a major complaint of recent years has been the paucity of good clocks — higher prices should lure them out.

Continued on Page XVI

• WEEKEND FT REPORT •

Into the 20th century

Allison Lobbett looks at the Swiss, the Japanese and the quartz watch



Dunhill's Chronograph Watch

THE SHORT, sharp shock delivered to the Swiss watch industry 10 years ago by the Japanese has done nothing but good. A market characterized by complacency and bound by traditional marketing and maunfacturing techniques has been forced to make a timely entry into the late 20th century.

Swiss watchmakers greeted the first quartz watches with equanimity. As one industry observer recalls, "they thought it was a gimmick that would soon pass." Their complacency was not altogether misplaced. The original quartz exported to Europe, manufactured by US electronics companies such as Texas Instruments, was a crude LED (light emitting diode). To read the time you had to press a button. This Swiss called "the world's first two-handed watch" — one hand to wear the watch, the other to operate it! The cheap timepiece, they believed would make no serious inroads into their traditional markets.

As early as 1967, the Swiss had developed a quartz of their own, but rejected it as of keeping with their traditional standards of craftsmanship.

The outcome is watchmaking history. The Japanese made quartz their own, the market was flooded with cheap, stylish, reliable watches and the Swiss industry was in crisis, shedding 45,000 jobs.

Middle market companies — Accurist, Avia, Rotary and Tissot — producing watches in the £30-£150 range were hardest hit.

The luxury watchmakers: Audemars Piguet, Vacheron Constantin and Patek Philippe making exquisite, jewelled timepieces, costing upwards of £2,000 were insulated in a stable market with virtually no competitors.

But, in 1983 the Swiss hit back with the launch of Swatch, the low-priced colourful, plastic electronic watch. To date nearly 30m have sold worldwide.

Ted Day, marketing director of Louis Newmark, Swatch's distributor in the UK, says: "Swatch altered people's ideas about a watch: from being a formal present, it became a fun, fashion accessory." The industry began to look forwad to a time when people would have a watch for every occasion from dancing to diving.

But the revolution has not materialised as fast as anticipated. David Roxburgh, marketing manager of Timex, says "Mutliple ownership hasn't taken off to the extent we'd hoped. The market hasn't grown significantly and for every person buying a second watch, there's one holding on to their old one."

Between 11 and 14m watches are officially sold in the UK every year, but black market sales could make that figure as high as 16m. A hundred million watches are in current use. So a trend which has emerged in the last two years is the gradual rejection of digital watches in favour of classically styled watches with hands (analogs).

"Electronic digital watches are finished as far as the adult market is concerned," says Grahame Brooks, general manager of Audemars Piguet. Their sale for £1.99 on every garage forecourt has irrevocably cheapened their image.

The Japanese who invested far more heavily in digital watches than the Swiss are making a swift about-turn. Seiko, Japan's leading watch manufacturer, shrewdly continued to produce only quartz analogs, but companies like Casio, which makes almost exclusively digital watches, are in serious difficulty. The Japanese still retain a 35 per cent share of the world market, but are losing out at the low-price end to Hong Kong and Taiwan and have nothing to compete with the luxury Swiss brands.

"There seems to be a psychological price barrier of £400 for a Japanese watch. It's rather like being asked to pay over the odds for a Ford," says Geoffrey Ashworth, general manager of the Swiss company Jaeger-Le Coultre.

Today 80 per cent of Swiss watches are quartz, although the exclusive companies have continued to craft mechanical timpieces, with some watches taking between nine months and five years to produce.

Another trend at the top end of the market is for more intricate timepieces. "There is enormous interest in the complicated watch," says Grahame Brooks. A number of leading companies, including Baume and Mercier, produce intricate chronographs whose dials are more like an aircraft instrument panel than a watch face.

Audemars Piguet's Perpetual Calendar shows date, time, day, month and moon phases and has a tiny cog which moves once every four years for the Leap year. Retailing at £13,500 it is made of 18 carat gold and the company cannot produce enough to meet demand. Ironically it is Japan which is the biggest market for these miniature horological works of art.

The aggressive marketing strategy adopted by Swatch in the mass market has been taken up by other companies. Both Ebel and Seiko have invested heavily in sport to promote brand awareness.

With watches moving towards fashion accessory status, one of the biggest growth areas is designer watches. Dunhill, Gucci and Chrisian Dior sell exclusive quartz watches as part of a range of clothing and jewellery. Leading brands such as Burberry are introducing their own wristwatches to complement their clothes.

Retailers are having to run to catch up with the changes. In the Fulham Road, The Watch Gallery is pioneering an entirely new sales approach. Sipping champagne from the complimentary bar, clients can choose stylish wristwatches from £35 to £30,000.

Innovative, fun and chic with real fizz it symbolizes the state of the industry.

Watches that are true to you in their fashion

THE FACE of the watch industry in 1987 is multi-coloured, distinctive and above all fashionable. In the post-Swatch era when a company launches a fashion watch, the question 'does it tell the time?' is low on the checklist. A more crucial consideration is whether it chashes with the season's 'in' colours.

This shift in priorities arises from two developments. First, relatively cheap and highly reliable movements are now freely available and watch companies can afford to concentrate harder on packaging and marketing. Second, the launch of Swatch not only revived the laclustre Swiss watch industry, but revolutionised consumer perception of what a watch was for.

For the first time it was possible for people outside the ultra-rich to own more than one watch and to buy them specifically as accessories. Not as an item that would have to last for many years. The days of classic, utilitarian 21st birthday presents have given way to the bright, the chic and the disposable.

This in turn has led to a new, aggressive marketing approach as companies scramble to get a piece of the mutli-watch ownership cake.

Swatch itself, far from being outstripped by the imitators, has gone from strength to strength. Last year 800,000 Swatches were sold in the UK alone. Its sales are worth 10 per cent of a £200 million British watch market.

Ted Day, marketing director of Louis Newmark, Swatch's UK distributor, says "The market is still growing. We've seen no sign of it plateauing out.'

Day believes the Swatch phenomemon can be attributed to more than just timely filling of a gap in the market: "Like the original Mini Minor, Swatch is absolutely classless and ageless. Anyone can wear one from an eight to an eighty year old."

But there is more to Swatch's popularity than happy coinicidence. The company's marketing strategy has been to time new range launches with the fashion industry calendar. Not to reflect trends, but to coincide with them. Like the leading clothes designers, Swatch has spring, summer and autumn/winter collections supported by a £1m UK advertising budget.

This year a range of blue pin-striped watches capitalise on the denim revival and a safari-style watch complements the khaki Out of Africa look.

As with all great marketing success stories Swatch has eclipsed its status as just another brand name and, like Hoover, has become synonymous with the product. This gives it a huge advantage over competitors.

As Day says, "A competitor would need to speed up to £5m on advertising to build a reputation to equal Swatch."

But, undeterred, many watch companies have attempted to ride the Swatch wave with greater and lesser degrees of success. The Japanese hit back with the launch of Lorus, their Swatch equivalent.

Last summer Timex launched its 'Watercolour' collection, a range of waterproof pastel coloured wristwatches, sold as ideal for holidays and leisure wear. The watch retails at £20, undercutting the Swatch at £25.

David Roxburgh, Timex marketing manager, says: "This is our first venture into the fashion area and has been very successful." But he adds "the best sellers do not tend to be way-out styles. The classic white watch is our top seller." Sold in Woolworth and W. H. Smith, the watch appears to be tapping a less self-consiciously trendy market than Swatch.

Le Clip—the clip-on watch

The latest in Swatch-inspired spin-offs is Le Clip, a strapless watch it clips on to everything—from earlobes to bikini briefs—comes in over 20 colours and retails at £25.

Le Clip's creator, Swiss entrepreneur Michael Jordi, saw the success of Swatch in the low-cost end of the market, and with an advertising and promotion budget of £800,000 launched the watch in Switzerland in June 1986. Over 500,000 sold in the first six months and the company predicts 1987 sales figures in excess of two million pieces.

According to Jordi, Le Clip is "more than a soundless, waterproof quartz watch — it is a fun fashion accessory, which gives time as a bonus."

Like Swatch, Le Clip plans to introduce new ranges to coincide with the fashion collections, but industry watchers are sceptical about its future.

Ted Day admits Jordi has 'done a fantastic public relations job', but says "It's a gimmick that won't last. Even fashion watches need some utilitarian functions and the public won't respond to a watch without a strap."

It is not only low-price end of the market which is jumping on the fashion bandwaggon. This month Tissot, the Swiss company traditionally associated with classic watches, is launching the Rockwatch.

The watch has a granite face meaning that no two are alike. Derek Salter, Tissot's marketing manager, says the Rockwatch marks the start of his company's drive to make innovative products to appeal to the younger generation.

"This mid-range has not yet been fully exploited," he said. At £135 the Rockwatch is hardly disposable, though its publicity slogan 'a colour to match every outfit,' suggests it is aimed at the multiple watch owner.

Later this year, the logical step to bring fashion and watches even closer is made by Louis Newmark. There will be a launch of a range of Burberrys and Benetton watches, reflecting the styles of those shops.

With the prospect of watches on sale on every boutique and designer clothes shop, 1987 is set to become the year when the flirtation between the watch industry and the fashion world became a marriage.

Allison Lobbett

Continued from Page XV

As time goes buy

What makes people buy and collect clocks and watches? Leading auctioneers such as Christie's, Sotheby's and Phillips see about an 80-20 presence of dealers and collectors at auction, but they agree that doesn't present a true picture. A dealor may well be at the sale just to buy for one particular client.

Richard Gardiner at Christie's says that most leading watch collectors are people who "lead a mechanical way of life"—doctors, dentists and engineers for example. A great collector was the man who looks after the voices behind Walt Disney cartoons. And there is a dentist in Switzerland who has just handed over his priceless collection to the Basle museum.

This is why the movements of old watches are so important, and why Gardinere groans when he gets that phone call. Another dealer said: "If you get a prime early watch with 19th century movements, it's like having a Rolls Royce with a Ford engine, and, let's face it, nobody wants that."

Meanwhile, the wrist watch boom goes on, but only in men's watches. The theory is that a secondhand woman's wrist watch isn't exactly the gift to delight anybody's heart. Feminism apart, the only women's watches that sell are those that can be regarded as a piece of jewellery. But who knows? As time goes by, there could be another boom.

Continued from Page XV

Mechanical mysteries

Prices seem to rise almost by the week. Christie's bought in an English carriage clock, of around 1870, at £1,800 early last year. In November it sold it for £5,000. Small library clocks in particular are very desirable. Of course anything in poor condition; which is a bad marriage between the mechanism and the workings in terms of date or style, or which is very common, will attract little interest.

Rarity is very important in this market. In Sotheby's auction on May 14 there is an ebony and black japanned year equation timepiece by the late 17th century maker, James Clowes. It is unheard of to have a clock which goes for a year from this early date. Sotheby's covers itself by suggesting that the equation work was added in the early 18th century, but if a buyer is covinced that ths is the first year-going clock, and was actually produced in the 1680s, the estimate of £10,000 to £15,000 could be far exceeded.

You do not have to be an expert on the mechanisms of antique clocks to be a collector. The days may be passed when every room in a house was incomplete without its timepiece but they are now much appreciated for their graceful design and hand-made precision. They can also be cheaper than the modern clocks sold in the up-market department stores.

If you want to buy an antique clock as an investment the traditional rules apply—go for the highest quality clock you can offord, by a respected name, in good condition.

The experts think that the 18th-century French clocks, and the mid-19th-century highly decorative ormolu clocks, also from France, are under-valued. Electric clocks of the early 20th century are coming into their own. But go to a good local dealer, and take his advice. He will help you to furnish your home with an attractive, useful, appreciating friend.

David Newell — "I like cooking and opera but my real hobby is simply clocks" Roger Taylor

World of a clockwatcher

Arthur Dawson talks to David Newell, the man who keeps time for the National Trust

INTEREST in clocks and watches began for David Newell as early as 14 when he was given *a clock kit by his father* who, although a physicist by profession, also enjoyed working on time pieces. Today, David, at 27, has built up a solid reputation by his knowledge on not only of clocks and timepieces but of musical clocks and automata. His range includes keeping in working order the 39 timepieces in the Wallace Collection, 33 of which are on display. He is also the clock restorer for the National Trust in its properties in the Thames and Chilterns area.

At weekends and during school holidays David was able to keep his enthusiasm alive by helping out a clock restorer in Shirley in the West Midlands. There, in what is now the Old Clock Shop in the centre of Birmingham, he started more intricate and delicate restoration under the guidance of Michael Durham. Two years of mechanical engineering at Manchester University's Institute of Mechanical Engineering only *convinced him where his real* interests lay and he left to take up being a clock-watcher, but not in any pejorative way.

After a stint in a North London workshop, where he widened his knowledge of musical boxes and automata, he moved on to his present workshop in London's Covent Garden preservation area.

Luck played a hand in giving him an opportunity to take over the workshop. "By the time I came to Eliot and Metcalfe in Shelton Street I had nearly 10 years experience so that when John Metcalfe went off to work in a museum in the United States I was given the opportunity to take on the lease," he said.

He has since worked from that base with the help of an assistant, John Joseph who joined him in April. John had taken a horological course at Chichester. How did David come to know about John? "In our sort of job everybody knows everybody else," says David. Partly, that is how he came to act as clock restorer for the Wallace Collection and the National Trust.

David is particularly enthusiastic about his work for the Wallace Collection because of his interest in 18th century French clocks. It is his task to maintain the clocks and musical clocks in working order. The maintenance of the cases is handled by their own expert staff. At the moment David is just finishing working on a Joseph Knibb bracket clock made about 1690 in which the quarter repeating mechanism needed repairing and new hands had to be made.

It was Jonathan Betts, horological conservator at the National Maritime Museum in Greenwich, active as adviser on clocks and watches for the National Trust, who suggested David as "a suitable conservative-minded restorer" to attend to the timepieces in the Thames and Chilterns area for the Trust. Among the more interesting of the clocks to be maintained are one or two of the English clocks in Fenton House, Hampstead, where one could possibly be an early example of a Trubshaw clock. Other fine exhibits are to be found at Dorney Wood, Buckinghamshire, the Foreign Secretary's residence, where there is a French clock in a Blue John case, a curious Austrian *skeleton clock with drum dials* (about 1800) and a Maltese clock, described as "rather fun."

The links with Sotheby's that were forged by Eliot & Metcalfe have continued. When chiming clocks or musical boxes come up for auction they naturally fetch higher prices if in perfect working order and that is where David's skills are drawn on. "Recently I worked on restoring a singing bird snuffbox," said David. That sort of novelty could easily sell at auction for £20,000. In New York a similar one was sold for about £40,000 fairly recently.

He finds a very strong revival of interest today in musical boxes, carillons and automata. "There have always been collectors of course but the enthusiasm means that prices are rising again."

Having a musical training helps—he used to play the viola and the piano—when tuning carillons. Often bells are missing, broken or replaced incorrectly. "You need some musical knowledge to sort them out again," he said as he demonstrated with a carillon playing what at that moment was a jangled unrecognisable tune.

As might be expected his *workshop is cluttered with a* wide range of musical novelty, including a full size negro banjo player, to bulkhead ships' clocks so that there is hardly room to sit down.

Although a number of the *older clock restorers* have expressed fears about the dearth of entrants into the profession and the maintenance of standards, the enthusiasm of compartive young restorers like David indicate that the future is in safe hands. He is a Fellow of the British Horological Institute.

And what does he do as a hobby? "Well I get pleasure from cooking and enjoy going to the opera or listening to it," he says, "but you should say that my real hobby is simply clocks."

Thoughts on a sea voyage

Why Columbus didn't know where he was for six months

Frances Wasteneys reports on the history and growth of the chronometer as a collectable

DURING A sea voyage we look at the daily postings of latitude and longitude content in the knowledge and skill of the navigator. We may know that the *chronometer together* with the sextant and "The Nautical Almanac" once helped determine the position of the ship but it is unlikely that we know anything of the history and romance behind it.

We take it for granted that a navigator knows where he is, but history shows this was not always true. In 1493 Columbus on his ship Nina spent six months in total ignorance of his longitudinal position.

In 1707 the *fleet of Vice Admiral* Sir Cloudesley Shovell was wrecked off the Isles of Scilly with a loss of six ships and 2,000 lives. This made it imperative that a satisfactory method for determining longitude at sea was quickly found.

International rivalry to find a solution was intensive. In 1714 a Board of Longitude was set up by the British Government "to investigate all means by which longitude could be determined." *The first prize of* £20,000 was not won until 1764 when a Yorkshire carpenter, John Harrison solved the problem that had baffled Newton, Halley, Huyghens and Leibnitz with his marine chronomoter H4, his three earlier time pieces having proved too large and unsuitable for use at sea. H1, H2, H3 and H4 are exhibited still in working order at the Old Royal Observatory, Greenwich which was founded in 1675 to solve navigation problems. It is here where the world's largest collection of chronometers is kept.

In 1765 Pierre le Roy of Paris independently invented and constructed a marine timepiece with nearly all the essential features of a modern chronometer. But it was John Arnold and Thomas Earnshaw who individually simplified Harrison's design and perfected the marine chronometer. They were also the first to make them in any quantity.

Richard Garnier of Christie's explained, "the value of a chronomoter is in how long it goes for, its date, and the maker, with th exception of earlier ones where the maker is all important.* An Earnshaw chronomoter at auction would fetch anything between £5,000 and £8,000 but an Arnold instrument would fetch more because his output varied and had more historical interest attached."

Six years ago Christie's sold an Arnold chronomoter that had been ordered by the Admiralty for Captain Vancouver's exploration of north west Canada. Later it went to Australia with Flinders and then was re-issued to Captain Bligh, when he was appointed governor of New South Wales.

During the Bounty mutiny he is thought to have hidden himself (and the chronomoter?) under his bed. Bligh then kept the chronomoter for his own use and appeared not to answer the letters from the Admiralty asking for it back. When it resurfaced in England its octagonal box had been changed to a square one.

The change of the box might have reduced its value to £5,000 but this was outweighed by its historical value. The collectors from Australia wanted it and the City of Vancouver. It fetched an incredible £39,600 and is now in the Vancouver Maritime Museum.

Other factors can affect a chronomoters value, such as variety of design in the balance. Some makers have designed a balance to overcome both dramatic and minimal temperature changes, so that the chronomoter maintains accurate time.

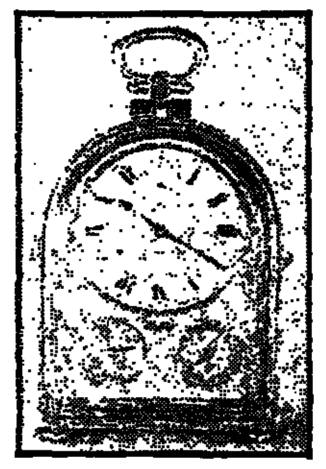
Eight-day chronomoters are more popular for modern domestic use. They need only to be wound once a week whereas the more common two-day *chronomter should be wound* every day. A one-day chronomoter, in very good condition, could expect to reach £600 at auction, a two-day £800, and an eight-day chronomoter with a standard balance and, not in a brass bound box, £1,500-£2,000, and over £2,000 in a brass bound box. Cases with brass binding are very desirable.

Chronomoters to avoid are ones which have been touched by bodgers; which have had the top lid removed or replaced; those with the original movement in its bowl with a later gimbal and box; and with mechanical faults such as a broken detent, which can be an expensive repair.

Richard Garnier believes that in 50 years chronomoters made today will be of great value as not many are being made. But they will never reach the price levels of earlier ones. Thomas Mercer of Cheltenham are the only company in the world making mechanical marine chronomoters, both two-day and eight-day, as chronomoter clocks.

It was founded in 1858 by Thomas *Mercer* and is now under the direction of John Mackenzie. Although British ships navigate by satellite, using electronic chronometers as fallback, Mercer Chronometers is still supplying the American, Italian, and Greek navy and are "eagerly sought by mariners and connoisseurs of craftsmanship." Prices range from £2,840 to £5,000.

Forthcoming auctions: Sotheby's May 14, Christies May 27, Phillips June 9.



An aristocrat of the clock market, a silver travelling clock sold by Phillips at its April 7 sale for £85,000 (*Estimated £20,000-£30,000*)

Jurek Martin on a pundit's view of his nation

White House observed

THE CYCLES OF AMERICAN HISTORY
by Arthur M. Schlesinger Jr.
André Deutsch. £14.95.
498 pages

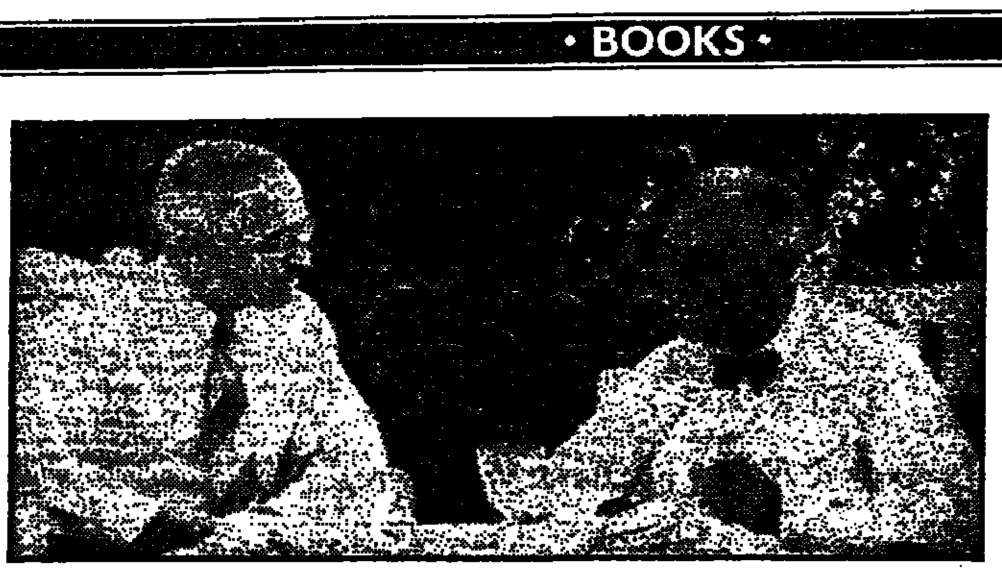
EVERY NOW and then in this elegant series of urbane essays, Arthur Schlesinger Jr lets drop a secret which those who do not know his work as an historian might find surprising. This doyen of the eastern establishment, biographer of Roosevelt and Kennedy who served in the latter's White House, hides under his liberal clothing a soul that is deeply conservative in one critical respect: when it comes to the American constitution and its most vital institution, the Presidency, he believes in leaving well alone.

It is a conservatism illuminated by a wit, style and breadth of knowledge that is totally persuasive. His inspirations remain those who gave the US its system of government and his bêtes noires those who have, in his view, perverted it. Where he proposes radical reform — the abolition of the vice-presidency, for example—it is on the grounds that the office was misconceived in the first place and enshrined subsequently by one of the worst amendments ever perpetrated on the constitution itself.

Though not the most important chapter in the book, Mr Schlesinger's deft combination of historical empiricism and terse contemporary observation is shown at its best in discussing the vice-presidency. As he points out, since 1941, *four* vice-presidents have become President (Truman, Johnson, Nixon and Ford), three (Wallace, Humphrey and Mondale) have run for the Presidency, three others (Barkley, Rockefeller and Bush) have sought party nominations—" and the remaining post-war vice-president, Spiro T. Agnew, would no doubt have done so too had justice not caught up with him."

The Vice-Presidency was indeed conceived before the fledging US had any concept of party and very little of national unity; its loyalties, to the extent they were discernible, were more to the states. Curiously it was not designed to provide for orderly succession in the event of the death or incapacity of the President. Rather it was confected to overcome localism by obliging the electors to vote for more than one person—the assumption being that their first choice would be from their native state.

The original intent, however, in Schlesinger's view, has long since been lost, even though the office per se seems rarely to have had value beyond that of the final stepping-stone to the presidency. Lots of the familiar—and not so well known quotes of hapless vice-presidents are paraded; a nice one is from one Thomas R. Marshall, Woodrow Wilson's number two, who liked to tell the tale of two brothers, one who went to sea, the other who became vice-president, and of both of whom nothing was ever heard again.



Vice-President who succeeded: Truman with FDR

More substantive is what the author sees as the severe damage inflicted on vice-presidents by the humiliations of the office.

"Hyperactive men like Johnson, Humphrey and Rockefeller went into psychic decline as vice-presidents. Even more stoic types like Mondale and Bush recognise that they exist on presidential sufferance . . . success in the office depends precisely on the extent to which vice-presidents cease to be their own men."

This fits rather neatly with the current assessment of Mr George Bush, best summarised by the cartoonist Garry Trudeau, in his immortal sequence on how the present vice-president had put his manhood into a blind trust: not, Mr Schlesinger thinks, the best training for the most powerful office in the world.

But the worst sin, in Schlesinger's opinion, is that the 25th Amendment to the Constitution renders inevitable the accession of the number two in the event the President dies (Kennedy) or resigns (Nixon). This is contrasted, unfavourably, with France, where, in 1974, a president (Pompidou) died and was replaced, in less than two months, by a fresh, duly elected new president. The author thinks the merits of a special election, à la Francais, are overwhelming.

On the presidency itself, however the author of The Imperial Presidency takes sensible refuge in the dictum of Ralph Waldo Emerson: "in analysing history, do not be too profound for often the causes are quite simple." Put another way, Schlesinger finds little wrong with the institution of the presidency but quite a lot with the people who have occupied it, precisely the reverse of the popular theories of the 1970s. This enables him to approve of Ronald Reagan, whose politics he otherwise deplores and about whom he is intermittently deliciously scathing, on the grounds that, by some unexplained process, Reagan understood "the two indispensible requirements" of the office:

"The first requirement is to point the republic in one or another direction . . . the second is to explain to the electorate why the direction the president proposes is right for the nation."

This was FDR's great achievement and, Schlesinger argues, would have been John Kennedy's had he been given the time. This was Reagan's strength and Carter's weakness, even though the latter knew much more and worked far harder while Mr Reagan is "no student of public affairs." It may be, however, that the disinterest in public affairs of the current president, revealed in all its horrors in the past six months, is something which can, and has been, taken too far.

But other modern accoutrements of the presidency, especially the vast staff retinues and the isolation of the man from the public who elected him, do more harm than good, and the author enumerates them only too well.

There is one final hero in Schlesinger's pantheon — his father. Space does *not* really permit full explanation of the elder Schlesinger's theory on the cycles of power in the US between conservative and liberal hegemony, except to point out that the theory, expounded first 60 years ago, predicted to within a couple of years the rise to power of Truman and Eisenhower, Kennedy-Johnson liberalism, and Reagan conservatism. Followed through it seems to suggest that progressive forces will not be back in harness until the early 1990s—which may be George Bush's best hope of a year or two in 1600 Pennsylvania Avenue.

Fiction

Sarah Preston on the new Drabble novel

Female options

THE RADIANT WAY
by Margaret Drabble.
Weidenfeld and Nicolson.
£10.95, 396 pages

LIZ, ALIX and Esther, says Margaret Drabble in an authorial sotte voice which some may find irritating, are among, yes, "the crème de la crème" of their generation." They first meet in 1952, being interviewed at the Cambridge college which will hone to a fine edge their already sharp minds. By the end of the book they are all 50, still friends and having learnt perhaps that it takes more than logic to chart the dangerous seas of life.

We are back in the terrain of Margaret Drabble's earlier novels, those in which she seemed to articulate with accuracy, tenderness and anger the impossible choices before a whole generation of graduate women, torn between the need for personal fulfilment and family bonds. Even the name of the glum northern town, from which Liz and Brian, Alix's present husband, both come, is Northam, the same provincial haven from which Clara in Jerusalem the Golden escaped. So have things changed much since 1967 when that novel was published?

The width of the canvas has grown with three central characters and all the husbands, children, relations, friends, colleagues, lovers they have acquired over the years. Reading a Drabble novel seems as ever like looking at a picture by one of the more splashy pop artists, so rich a collage does she assemble of the trivia which together help us to re-live and understand the past. There may be a certain frisson to be found in recalling that Nescafé used to come in those canisters with lids you prized off, even if 21 lines seem excessive for a description triggered by Mrs Orme's fairy cakes (the madeleines of Northam?)

If the Drabble style remains in this respect tiresome, her ability to describe relationships is still superb, particularly those between women, support tinged with envy, and those between the generations. The monstrous old and sick are matched by the monstrous adult young.

But have the heroines progressed over the years in resolving the problems of modern life? Liz is a successful psychotherapist who appears to be singularly lacking in self-knowledge. An occupational hazard? Her eventual quest for the key to her past is simplistic but it serves to underline the theme that all three, although established middle-aged women, are still trying to find out who they really are.

Alix has tried two types of husband, the impossible and glamorous who died young, and the good-hearted one who will see her through, both as unsatisfactory as her two badly-paid, but socially useful, part-time jobs. The most interesting woman of the three is Esther, an art-historian who might have come from the pages of Anita Brookner, with her expertise on Crivelli and her sense of detachment which has prevented her from commitment to either of the great Freudian imperatives, work or love.

If there is a unifying thread, it is perhaps the way the trained minds of these women serve them well but also prevent them understanding their emotions. The psychotic girl whom Alix teaches in prison and the almost psychotic Claudio in Esther's life are indications of other ways of living. At the end of The Millstone we wondered if there would be life after children. It seems we will have to wait till Margaret Drabble reaches old age to find answers to the complexities she describes. It is doubtful whether they will be more than faintly optimistic.

Margaret Drabble: life after children

Man in Havana

CASTRO
by Peter Bourne. Macmillan.
£14.95 332 pages

FIDEL CASTRO, the Cuban leader, once complained that the CIA had made 20 attempts to get rid of him. The CIA admits to only five; but certainly there have been some hare-brained schemes cooked up over the years to eliminate this bogey-man for successive US presidents: ideas that have gone from impregnating his cigars with toxin to dusting his shoes with thalium which, when inhaled, would cause his beard to fall out.

Yet he has survived these machinations and has had countless lucky escapes from death in a remarkable career from brilliant and wealthy law student, through guerrilla leader and revolutionary to now a rather melancholy figure as elder statesman of a jaded revolution, the outside world having overtaken him a bit like the ageing hippies of the late 1950s.

He has seen seven American presidents since seizing power in 1959 after the dictator Fulgencio Batista fled, and has been in power longer than any world leader save King Hussein of Jordan.

Larger than life, he has dominated and personified Cuba. As such he is a rich subject for a biographer. But the task of biography is strewn with pitfalls, since he excites such partisan views. What could be more human and extraordinary than Castro, microphone in hand like a talk show host, interviewing for five hours 1,000 prisoners gathered in a stadium after the abortive Bay of Pigs invasion of 1961! But equally Castro has ruthlessly asserted his absolute authority, responsible for many of the very same political abuses for which he so berated Batista.

Peter Bourne possesses good credentials having been to Cuba in 1960 as a curious young doctor, then having dealt with the island first as a special assistant in the Carter White House and then as assistant-secretary general at the UN. He brings both personal curiosity, professional experience and his background as a trained pyschiatrist. Although he has met Castro, he did not interview him for this book, which has permitted him to take his distance. The result is a sympathetic and balanced view of the Cuban leader that cuts through official historiography which has enshrined Castro and the Revolution in hero worship.

The author convincingly demonstrates the importance of the psychological factors influencing Castro from his home background. From his father, a former cavalry quartermaster with the Spanish army who built up a small fortune returning to Cuba as an immigrant farmer, he learned the virtues of hard work and single-minded dedication; and from his father's harsh authoritarianism he developed a rebellious streak against authority.

From his mother, originally his father's maid, he was impressed by the power of religious faith. He was traumatised by the fact that he was an illegitimate child, and Bourne believes this spurred his desire to achieve recognition.

Castro did not start out his political career as a revolutionary or a Marxist, rather it was the advent of the Batista dictatorship which frustrated a parliamentary course and turned him to arms. But he early on saw his destiny as a national saviour, modelling himself on the Cuban hero, Jose Marti (also the son of a sergeant). Intriguingly, Bourne argues that a break with the US was inevitable and even courted by Castro as a means of asserting Cuban nationalism. This overthrows a frequent argument that the US forced the course of the Cuban Revolution.

He quotes a private letter written by Castro in 1958 after witnessing the effects of US-supplied Batista jets strafing the countryside.

"When I saw the rockets firing . . . at Mario's house, I swore to myself that the Americans were going to pay dearly for what they are doing. When this war is over a much wider and bigger war will commence for me: the war that I am going to wage against them. I am aware that this is my true destiny."

The break with the US was possible only under Soviet patronage. According to Bourne this was partly fortuitous—due to Khruschev's unorthodoxy and willingness to take risks, coupled with an unusual symbiotic relationship that came close to father and son. (Castro was devastated when he learned from the Associated Press that Khruschev had withdrawn the famous missiles in 1962). The Soviet leadership was initially sceptical of Castro and snubbed his Foreign Minister, Raul Roa, until 1971 for the latter's public criticism of the invasion of Hungary.

Bourne attributes Castro's formal embrace of communism in 1961 as a pragmatic move to win the trust of the Soviet Union and usurp the ground from the Cuban Communist Party.

Bourne portrays an uncomfortable relationship with the Soviet Union—Cuba kept afloat through Soviet economic and military aid, yet humiliated by having to support the invasions of Czechoslovakia and Afghanistan. On Castro's ventures to promote Third World revolution, the author acidly observes this offered the best avenue to project himself when he felt constrained and overqualified as merely the leader of Cuba."

It is an eloquent commentary on how history will judge Castro that two thirds of the book is devoted to Castro's early years: the most interesting and glorious. The achievements in health and education, and restoring national dignity, must now be weighed against having mortgaged Cuba to a one-crop economy (sugar) at the end of the Comecon line.

Robert Graham

When the music stopped

HEARTSTONES
by Ruth Rendell
Hutchinson Novellas, £6.95.
67 pages

CUTS
by Malcolm Bradbury
Hutchinson Novellas, £6.95.
106 pages

WAVES
by Bei Dao. Translated by
Bonnie S. McDougall and
Susette Ternent Cooke
Heinemann, £11.95. 232 pages

BLUE ROCK
by Jeremy Reed
Cape, £9.95. 176 pages

TWO THIRDS of the price of an ordinary novel, and attractively produced in a new series, with plenty of the pictures and conversations Alice (before she went down the rabbit hole) thought essential to a good read, Century Hutchinson's new series of novellas (or short novels) are a welcome sign that there is room for this sort of fiction.

Ruth Rendell's Heartstones has Elvira and Despina, tone-deaf teenage daughters of a Mozartian mother, living a strangely stylised life with their academic father, the handsome Luke. Since what we learn of it comes from Elvira's journal, and she is growing progressively weaker from anorexia, it seems an unreliably reported world in which sudden death plays too intrusive a part: a fall from scaffolding, wrists slashed, finally a phial of cyanide that goes missing on the last pages.

As Elvira grows frailer and thinner, Despina becomes fatter, coarser, more obtrusive: loving opposites, they stalk each other in a world of unacknowledged passions. Ruth Rendell creates a world, enters a weird ambience, more strongly and more originally than ever. Elegantly enigmatic, her household of ghosts, menace and incestuous intensity is beautifully realised.

Totally different (not surprisingly) is Malcolm Bradbury's Cuts, supposedly an up-to-the-minute comment on today's world but in fact an updated version of the recently televised Scoop. Like Waugh's Boot, a small-time writer is suddenly thrust by bureaucratic mistake into the big-time, and particularly into the terrifying circle of a manic press-lord. For Boot read Babbacombe, a dingy academic used to writing unreadable books in a garden shed, and for Waugh's terrible Lord Copper and his minions read the even grosser Lord Mellow, head of Eldorado Television, and the recognisable slaves he keeps around him. Working without a notion of what he's doing on a £10m epic, the vole-like Henry Babbacombe is whisked up skyscrapers and Swiss Alps, into strange beds.

Bradbury knows the form, the look of things, the clothes and faces and way-out conventions, the cameraderie that covers nothing (no feeling, no commitment), and is very funny most of the time on the differences between ordinary life and media life; but the plot, form, characterisation, the lot, are all derivative. A very good read, nonetheless.

Another novella comes from China, Bai Dao's Waves which, with a handful of short stories, gives a sad insight into a country still torn by the horrors of the Cultural Revolution, still alarmingly unfree. A number of characters, old and young, educated and simple, sympathetic and tiresome, mingle in a shadowy provincial place. A l o v e - affair, tenderly begun, proves hopeless when it turns out the girl already has a child, a two-year-old brought up elsewhere.

On the edges of this main action others live in half-expressed despair, remembering a quite recent past in which parents committed suicide and Red Guards swarmed over the house smashing furniture.

The author, now nearing 40, allows us a *disquieting* peer into what seems like a spiritual abyss (his own or his society's?). There is no ringing rhetoric, no cheering message or immediate hope; but at least his chill picture of present-day China has been allowed translation and readers outside, which says something for the new freedom.

Jeremy Reed is a poet of some renown and certainly more than promise, but as a novelist he seems to me half-irritating as well as half dazzling. Blue Rock is an experimental novel in technique but written in so straight-faced a way that, disconcertingly, it makes one expect reality—or at least realism.

What it seems to be about is the superimposition of one reality upon another: a fictional character taking over his creator, an animal inhabiting a human, the cry of a fox becoming that of a person in terror, a psychiatrist taken over by his patient, the sexes interchanging, boy becoming girl then being recognised as boy, and so on. Sometimes this is finely achieved, sometimes not.

Isabel Quigly

Up to a point, dear Papa . . .

THE BEAVERBROOK GIRL
by Janet Aitken Kidd.
Collins £12.95, 240 pages

I ALWAYS thought that Lord Beaverbrook's daughter, Janet, had more of her father in her than his other children. Here is a book which confirms my opinion. It is the autobiography of a spirited, independent-minded and highly intelligent woman telling the story of an energetic life that has certainly been lived to the full. If the main character in the story, apart from the author, is her father, for whom her favourite adjective is "unpredictable," that is hardly surprising. She is a loyal, if perceptive, daughter.

She has also a robust sense of humour. As her story makes clear, she has needed it. Her first husband, Ian Campbell, heir to the dotty 10th Duke of Argyll, suffered from the delusion that the world owed him a living. He was a compulsive gambler and an inveterate loser. When he needed money, he stole. When he wife refused to give him money, he attacked her viciously. On their honeymoon he stole the diamond and emerald tiara which she had been given by Princess Louise, widow of Ian's uncle.

The second marriage, to Drogo Montagu, Lord Sandwich's second son, was scarcely more successful. Montagu could not resist the appeal of pretty girls. His wife suffered many humiliations, but usually found it easy to forgive him his infidelities. He had charm. The day came when she found a note propped up against a mirror. "Gone to Jamaica, darling, with Peggy. Back in a month."

The third marriage, to Captain Edward Kidd ("Cappy") of the Canadian Artillery, was blissful. Three goes at marriage was about the average in the Aitken family.

The author lived the harum-scarum life of one of the Bright Young People. But it should be said that she had rather a special place in that world. She was Beaverbrook's daughter, with access to that inner circle, known from the name of Beaverbrook's country house, as the "Cherkley Set." It was much envied, criticised and entrance to it much sought after.

It took a good deal of strength of character to escape from the beguiling and glamorous circle of her father's friends. Janet did it.

Here then is the story of a woman who lived on the wilder shores of wealth during the years that led up to the Second War. Anyone who wishes to know how that half-forgotten age appeared to one who enjoyed it yet was never, it seems, deceived by it, has only to consult these candid recollections.

George Malcolm Thomson

Grey cells

THE FRONTIERS OF PARADISE: A STUDY OF MONKS AND MONASTERIES
by Peter Levi. Collins/Harvill.
£12.00, 224 pages

PETER LEVI was a Jesuit for 28 years. But this is not a book by a Catholic insider explaining to outsiders—or even to fellow insiders. For one thing he takes monks (and nuns) to include religious of all countries, Indian, Chinese and Church of England. For another, his stance, although sympathetic to monastic ideals, is above all, questioning, presenting few answers and more differences than general rules. At the end he prints his long poem written in 1966 about Cistercian ruins in Yorkshire:

> The rain has blotted out
> the stone.
> Ty to understand its message.
> I take the stone's life for
> my own
> these ruins for a hermitage.

Here is the serious purpose, the emphasis on language, continuity and death.

What the book offers is a disorganised but fascinating compendium of history, ideas and, above all, anecdotes. It is the opposite of sanctimonious—nuns, for example are likened to cats and monks to dogs. Monks, he tells us, started in India, possibly inspired by the proximity of the Himalayas. Hermits came before monasteries and were at first unwilling to give up their solitary suffering for community living.

Women always made good monks — even bearing in mind St. Theresa's famous outburst, "God preserve me from stupid nuns." But women were not always allowed to achieve the same degree of holy poverty as men. In Egypt St Hilaria got round this problem by posing as a man, which was only discovered at her ceremonial burial. St Symeon Stylites who spent 40 years of the Fifth Century on top of a pillar, was not unique but encouraged many nifty climbers, some of whom had pillars wide enough to house a small chapel.

The basic Christian monastic rule was laid down by St Benedict and inspired the life of monasteries for the following 15 centuries. The dissolution of the monasteries was merely an interruption in a continuing monastic tradition.

However modern life now affects modern monasteries particularly since English took over from Latin. In Peter Levi's view, Cardinal Heenan, who was a monk until he came to Westminster, is little different in outlook to the Archbishop of Canturbury.

In a final chapter, Levi notes, "Whether they [the monasteries] exist for their own sake, for the sake of the monks or the sake of what they mean to the rest of us, is a question worth pursuing. . ." Soon after, he pursues it himself, "The monastery is a refuge from the world, a society of the good, and an assertion of the values of the soul," but he then adds his own coda, "but one might wish to take refuge even from a monastery, if it were a successful institution." Apparently Levi himself, finds more inspiration from moss-clad ruins. But he has written a surprising, stimulating book which quickly dispels any idea that a history of monks and nuns is likely to make pretty dull reading.

Rachel Billington

Bubbly times

THE ENGLISH SEASON
by Godfrey Smith. Pavilion
Books with Veuve Clicquot.
£14,95, 192 pages

THE TRADITIONAL English Season was short. It began in May and came to a close in July; wealthy parents had just a few short weeks to launch their nubile young daughters upon the marriage market. The last debutantes were presented at court in 1958; that marked the end of the official London Season; but for many, although finding a husband may no longer be the name of the game, the Season goes on.

Godfrey Smith has written a humorous guide to 23 social events that make up the Season nowadays. He includes Derby Day—a spree on Epsom Downs where the "have-nots" can see the "haves" at play because the Downs are open to all, even The Last Night of the Proms, and, of course, Buckingham Palace Garden Parties, Royal Ascot, Wimbledon. The Season seems to become more popular, more classless with every year. It now stretches for a full 12 months offering a cornucopia of diversions in one continuous cycle.

The book illustrates how, clearly, the London season isn't quite what it was, but that it is here to stay. It still offers a chance for the wealthy to parade their wealth, the privileged to flaunt their privilege but it also offers the opportunity to dress up or down, to drink magnums of champagne or too much beer, to gossip with friends or clinch business deals with clients, to meet stars or mingle with the Royals and to enjoy a lavish picnic or share a bag of fish and chips. The Season is whatever you choose to make it.

Lucinda de la Rue

Michael Coveney on the influx of international theatre this summer

The foreigners are coming!

ON MONDAY week, Eugene O'Neill's *The Hairy Ape* opens in the National Theatre's Lyttelton auditorium and sets the internationalist mood of British theatre this summer. The production comes from Berlin's Schaubühne Company—last seen here 10 years ago in a stunning version of Gorky's *Summerfolk*, directed, as is *The Hairy Ape*, by Peter Stein—and inaugurates a series of short visits to the South Bank by leading foreign companies.

This season, like the Edinburgh Festival in August, is a showcase for established companies and takes up the work of Sir Peter Daubeny's World Theatre Seasons at the Aldwych. It is an admirable enterprise, initiated by Thelma Holt at the NT in spite of the overriding indifference in the British theatre community to the work of other nations. Frank Dunlop, the director of the Edinburgh Festival, is also a committed internationalist (as indeed was his underrated predecessor John Drummond); he was honoured as such the other week by the International Theatre Institute, albeit a somewhat toothless organisation in its British incarnation.

Between the NT season and Edinburgh, however, comes the fourth biennial London International Festival of Theatre, or LIFT, which, for three weeks in July, will bring a programme of fresh, lively and innovative work to course through the veins of London theatreland, from the Royal Court to the ICA, from Docklands to Kew Gardens and Battersea Park.

Bringing international theatre to Britain is a hair-raising, underfunded business dependent on diplomatic relations, the companies' own touring schedules and priorities, and hectic sponsorship drives. As David Murray reports on this page, Mercedes Benz is as much behind the Schaubühne's visit as is the NT — its portion of the cost is £60,000, the NT's £70,000. But the NT has no budget as such for the event so Miss Holt, needing £0.5m, has exploited the visitors' superior finances and such reliable acquaintances from her Round House days as Robert Maxwell and Cyril Stein of Ladbrokes. The former's connection with the Great Britain Sasakawa Foundation has assured £50,000 for the Nigawa Japanese troupe coming later in the year; the latter is accommodating about 400 people in his hotels for less than half rates.

The Edinburgh Festival has £2.5m to spend and deals with each company on separate terms. Most of the visitors in effect pay to appear at Edinburgh, but Mr Dunlop does stress that he sees the grant as a means to both "keep seat prices low and internationalism possible." The aim is to bring great artists uniquely to Edinburgh, but reality often compels taking what the circuit offers. Still, anyone who has never seen the ancient Gorky Theatre of Leningrad production of Tolstoy's *Tale of a Horse* should on no account miss it at Edinburgh this year. The same goes for the recent Dublin Gate revival of *Juno and the Paycock*. And any visit of the Berliner Ensemble is welcome, whatever its state of ideological and artistic dilapidation.

The Ensemble's visit to the Palace Theatre in London, 1956, was an event at least as momentous as *Look Back In Anger* in the same year. The British theatre of late has been impervious to foreign influence, except in the more avant garde reaches of activity. But even the European avant garde circuit is now drifting away from these shores. So LIFT's presentation of one of the most important groups, Epigonen of Belgium, takes on a great significance; as the recent ICA season "Homework" demonstrated, the spirit of many new theatre artists is willing, but the conceptual context, the theatrical flesh, is often weak. And you can attend the National or the RSC for an entire year without sensing the theatrical world outside, not even a fingerprint.

Money, or lack of it, is often given as an excuse for our insularity, but Welsh National Opera's initiative in inviting foreign directors, including Peter Stein, to work within minimal budgets has exploded that canard; when I met Stein in Paris just after he had received the Welsh invitation, he was adamant that he agreed to come here, was *dying* to come here, regardless of fees. Of course, internationalism in the performing arts for its own sake is not worth a light, and critics are often guilty of indulging in lip-smacking travelogues unmindful (as Kenneth Tynan was never unmindful) of relating their experience to our own culture and thus, in a curious way, making the gap even wider.

The showcases of Edinburgh and the NT season will only transcend a sort of cultural curiosity value if our theatre and its audience first of all responds to, and then learns from, them.

Thelma Holt at the NT suffers from few educational delusions. "We have deliberately avoided a pioneering season this time; it is safer to produce, in effect, a NATO conference of theatre and hope to be more adventurous next time." Her immediate concerns are more practical. She has to find 10 extra welders and six more flymen to execute the great demands of Lucio Fanti's set, and a couple of extra beds in her own apartment to put up the Schaubühne's administrators.

LIFT, dynamically administered by its founders Lucy Neal and Rose de Wend Fenton, both just about 30 years old, focuses much more on the scruffily exotic contemporary scene. In a way, LIFT also represents a seam of work that exists for much of the year under our noses — at the Chapter Arts in Cardiff, at the ICA, the Place and Almeida in London — but which is usually overlooked by those critics anxious to extol the more incontestable achievements of Europe's master directors.

As at the NT, the cost of the season is about £0.5m, a figure made up of £280,000 in grants (from Westminster City Council, the Richmond Scheme, and the Visiting Arts Unit — which is channelling about £100,000 of Government money into LIFT, twice as much as they're giving the NT); £125,000 at the Box Office; and £80,000 in sponsorship, half of which is so far raised.

LIFT offers champagne receptions and designer stocks to its friends and sponsors and its young directors are as skilled as Miss Holt in gleaning support from the great and good. Lord Gowrie is LIFT's chairman, the patrons include Peggy Ashcroft, Lady Daubeny and George Melly, the sponsors to date are the Baring Foundation, IBM, London Weekend Television and Price Waterhouse among others.

The LIFT programme may be less predictably "excellent" than the NT's or Edinburgh's, but it does reflect, probably with more immediacy, the more raucously political and orgiastic elements in today's theatre, as well as the more cerebral performance manifestations. There is an air, too, of productive collaboration: Pip Simmons, a waning guru on the British fringe, comes back to work on a Vietnamese Boat People project that will travel up the river from Tower Hamlets to Brentford; a Yoruba travelling theatre piece has been commissioned from Nigeria; a Catalan *The Tempest*, with fireworks, devils and waterproof survival kit for the audience, will explode around the refurbished Playhouse in Charing Cross; a Mexican *Donna Giovanni* will feature six female nude debunkers of male sexuality; the incandescently brilliant New York revue *The Colored Museum*, black experience as satirical minstrel vaudeville, comes from Joe Papp's Public Theatre to the Royal Court.

A Mexican production of "Donna Giovanni," one of the many theatrical offerings from overseas to come to Britain this year

After years of textual and intellectual puritanism, a distorted legacy of that Berliner Ensemble 1956 visit, our theatre needs once more to lose its inhibitions, its virginity, its high-falutin sense of importance and integrity. LIFT can help open a few doors. In the long term, the open-mindedness of Frank Dunlop and Thelma Holt may well, together with the LIFT initiatives, lead to a new upsurge in native work, a renewal of those experimental, physical imperatives in theatre that are too often buried beneath textually obsessive decorum or else frittered away in anaemic dance drama approximations of what Robert Wilson and Pina Bausch were doing 10 years ago.

● **NT International Theatre 1987.**

May 11-16 Schaubühne Company of West Berlin in O'Neill's The Hairy Ape.

June 10-18 Royal Dramatic Theatre of Stockholm in Shakespeare's Hamlet and Strindberg's Miss Julie.

September 18-26 Nigawa Theatre Company (formerly the To-Ho, of Japan in Shakespeare's Macbeth and Euripides' Medea.

October (dates to be announced) Mayakovsky Theatre of Moscow in Boris Vassiliev's Tomorrow Was War.

● **London International Festival of Theatre.**

July 13-August 1 Bookings and information tel 01-379 0769.

● **Edinburgh International Festival.**

August 9-29 Bookings and information tel 031-255 5756.

Berlin's cultural showcase

IT DID NOT need a 750th anniversary to make West Berlin a showcase of European culture, though perhaps this year there is even more of it about than usual. As befits its place in the middle of that showcase, the Schaubühne am Lehniner Platz mounts a notably international repertoire: last month it had been playing O'Neill's *The Hairy Ape* (soon to visit our National Theatre as part of the Mercedes Benz Festival of German Arts), a four-hour Robert Wilson show created for it and a Pirandello triple bill, with late-night readings of the complete *Thousand and One Nights* which have been going on since January.

The more conservative Schiller-Theater maintains a solid reputation, and the lively Berlin fringe is alert to what goes on elsewhere (Michael Wilcox's *Massage*, warmly received here not long ago, is enjoying a highly successful run in translation). The Schaubühne, however, has quite special attractions: not only its excellent company, its bold repertoire and its remarkable director Peter Stein, but the built-in capacity of its component theatres to be radically reshaped for each show, with high technology always ready to hand.

A natural result is the Schaubühne passion for exploring and exploiting total theatrical space. That can be naturalistic, expressionist or fantastical, but for the actors it puts a premium on mime and gesture: in both the productions I saw, the words were the least important element.

Wilson's *Death, Destruction and Detroit II*—*DD&D I* was another show in another place —is just the kind of invention for which the Schaubühne is designed. It happens on all four sides of the audience, who sit for the occasion on rotatable seats, little triangular wafers on poles amid a maze of hand-rails.

At the start all walls are shrouded by a canvas Berlin Wall. When it lifts, the action on the "front" stage sometimes runs over to the peep-show side-stages, which may instead boast their own happenings — sometimes in cross-theatre counterpoint, sometimes independent. At the back there is a monologuing man going up and down in a lift, and Chinese-epic echoes, and for one scene — memorably — the entire troupe scaling the wall in mountaineers' gear.

Kafka is somewhere behind most of this, and even gets recited in the foreground. But there is no narrative continuity; the sequence of events includes pure animated design, social caricature, close-focus repetitious actors' exercises, running jokes and broad revue-turns.

It all transpires rather slowly, but is enacted with the utmost precision. Most of the audience was riveted some of the time. *DD&D II* has a quasi-musical structure (the actual music is just background), with "cyclical" returns of earlier images in the long dying fall. Some of us detected a dwindling of good ideas in the latter half.

Studying the programme afterwards — Schaubühne programmes cost about £2.50, but they give you *all* the raw material: text, history, producer's work-notes — one discovered the oblique relation between Wilson's beginnings and his ends. He starts with literal sketches of possible stage-images, sometimes with a literary inspiration, perhaps with an actable action attached. These get realised in rehearsals while the all-important stage-building goes on. Where an actor devises something intriguing in its own right, it may be incorporated. Eventually such vivid bits may quite conceal the original *donnée;* Wilson seems not to mind. This is the theatrical acme of laid-backery.

One example must serve for dozens. Act 2 scene 10 is opaquely titled "Kitchen/Laboratory". On the right a housewife mimes dishwashing on a plain table, while the stereo soundtrack perfectly reproduces the real thing; on the left a female creature with a glittering red chain suspended from one wrist emergers, little by little, from a ruffled pink cocoon.

The two ladies conduct a competitive comic duet of sniffs, virtuosos theatre. From the programme one discovers that the second lady is a "bleeding mouse" — but it would take an archaeologist to unearth the originally intended sense. Part of the shows show is what you watch, in a Dadaist spirit, and the rest is what you read the critics saying about it later.

Certain images stick fast and contribute disproportionately. On the "Bridge over River," an image of dispossession and directionlessness, Tina Engel presents marvellously a woman who continuously searches her bag for essential treasures, and continuously drops more than she finds. It is drawn out to Wilsonian tragicomic lengths, but every moment is the real thing.

Stein's production of *The Hairy Ape* deals chiefly in images too, but they are the strength of this early American expressionist piece, and Stein is determinedly loyal to it. In fact *The Hairy Ape* is virtually unplayable now in American, let alone in English, for its heightened-natural speech has dated horribly; German is a blessed solution. Something that *is* lost here is O'Neill's vision of the overweening brute Yank as tragic hero; without his guttural Brooklynese, Roland Schäfer's Yank becomes pantherish, swift and cagey, a European misfit instead of O'Neill's dumb man-mountain.

Still, O'Neill's stoker is more a vivid cartoon than a character-study, and while his ship is at sea Stein engineers searing vignettes, from the first class deck to the furnaces of hell. Lucio Fanti's designs fail when we hit urban New York—the flimsy flats reduce the scene to musical comedy, along with Peter Fischer's unfortunate music (blatant lifts from *American in Paris* for 5th Avenue—with a maddened stoker challenging capitalist society on a Sunday!—and *Rite of Spring* for Yank's fatal brotherliness in the ape-house). For the best of Stein's visions, and for the polished company-work, *Der haarige Affe* is eminently worth seeing when it comes.

David Murray

Radio

Dear 'bin end'

THE LITTLE PLATOON, Michael Charlton's new series that began on Radio 3 on Sunday afternoon, is about the conflict in the Falklands Islands, but is not about the recent fighting. It is likely that a lot of people's feelings are going to be hurt, for our claim to the Falklands is not beyond dispute, and as recently as 1968 the then responsible minister, Michael Stewart, told the House of Commons that we were prepared to recognise Argentina's sovereignty "at a date to be agreed." The Falklands are what Charlton described as one of the "bin ends of Empire"; they are not of great value, and (as we discovered) very expensive to defend.

Michael Stewart's announcement to the House caused such a storm of opposition that the Falklands issue changed character. Negotiations had been going on, quietly, since the Argentines had raised the matter at the United Nations in 1965. The then Labour Government was anti-colonial in outlook and would have liked to see any former colony achieve some kind of independence. George Brown, who succeeded Michael Stewart at the Foreign and Colonial Office, would have been happy to see the matter settled.

The difficulty was that negotiations with Argentina included a clause about "the interests of the islanders," and this was soon modified to mean "the wishes of the islanders," and although there were only 2,000 of them their wishes became a virtual veto. Lord Chalfont, minister of state at the FCO, actually forecast that the discussions "were likely to enter into armed conflict." This first programme of eight finished at 1968. It has all the special distinction and interest of Michael Charlton's work, with appropriate commentary from the appropriate people. The producer is Cathy Wearing.

Two other promising series began last weekend. *Crime and Punishment* is confined to the long waves of Radio 4 on Sunday afternoon. The first programme of six was mostly about prisons, and very discouraging it was. Our regular prison population is about 50,000, many of them three to a one-man cell. The proportion of our population in prison is higher than any other European nation, roughly the same as Turkey.

According to this programme, a survey showed that 30 per cent of young men born in 1953 have by the age of 28 had a criminal conviction for an indictable offence. The government *is building prisons all over the* place, but if offences and sentences go on at the present rate they will be as full as at present by the middle of the next decade. Hugh Pryor-Jones was the reporter on the programme.

The other series is a kind of Penguin version of Foxe's Book of Martyrs. An Oxford student invented by Colin McLaren descends on John Foxe with a complaint that this book is too long and too heavy, and the two of them go through its contents to decide how it may properly be made shorter. Paul Rogers and Bernard Hepton took us cleverly from Wycliffe to Luther, Judith Bumpus and Piers Plowright directed.

And while we are delving into the past, Radio 2 is giving us some short chats on Wednesdays with Norman Wisdom, aptly entitled *A Wealth of Wisdom*. Norman Wisdom's failing, I used to think, was his belief that being silly was necessarily endearing — hence his best-remembered song "Don't laugh at me 'cos I'm a fool." But he had his fans, and they will be happy to hear him talking about his life and works.

B. A. Young

Chess No. 669

1 R-B8, KxP; 2 R-KN8, K-N5; 3 N-R5 dis ch, Kx either N; 4 P-N4 mate.

Hectic activity in salerooms

A PRINT of that most famous of Victorian photographs—Isambard Kingdom Brunel standing complacently in front of the launching chains of his magnificent creation "The Great Eastern" in 1857—sold for £22,000 at Sotheby's yesterday, a record for this particular image. It was a fitting climax to an amazing week in the salerooms which saw records for Strad violins botanical books, Chinese snuff bottles, Scottish paintings, and what you will.

Next week the salerooms in London have a quiet time, leaving it to New York to make the headlines. Most interest will centre on two corporate auctions. When the Gilman Paper Company moved to new headquarters in the Time-Life building in New York in 1974 it asked Pierre Apraxine, former curator at the Museum of Modern Art, to advise it on buying art to decorate the building and enhance the environment. As ever the company chairman, in this case Howard Gilman, happened to like art, too.

Between them they built up probably the most progressive corporate collection in the US. Forty-seven items of minimal and conceptual art are to be sold on Tuesday, and should make the company over $2m richer. It is not disillusioned with its buys — it just cannot fit all the compositions into its new HQ. Works by Cy Twombly, Ellsworth Kelly and Frank Stella come under the hammer along with a floor sculpture by Carl André, famous for his Tate bricks: this time he composed 84 pieces of zinc — and they should sell for $50,000.

Paintings by Kelly and Stella, along with works by Bacon, de Kooning and Warhol, will be offered just before the Gilman sale as part of a group of 17 paintings from a very different corporate collection — that belonging to Baron Lambert of the Banque Lambert in Brussels. Usually, modern art is favoured by thrusting young entrepreneurs, and American modern art is favoured by patriots among them. But Banque Lambert was founded in 1830.

However, when the old building was destroyed by fire in 1956, Baron Lambert looked to the moderns to decorate his new premises, which became the leading centre in Brussels for contemporary art. Now, changes at the bank have closed the paintings to public view, and the dispersal of a collection of over 200 works has begun. It should fetch more than $20m and this will have proved a very good investment for the bank. The paintings by Bacon (one of his "Popes"), de Kooning and Rothko could all top the $1m mark, and all eyes will be on the "Large flowers" of Andy Warhol, estimated at up to $150,000 but likely to go for much more following his recent death.

"The Tortoise and the Hare," by Eugen Osswald

In complete contrast in London, Alex Apsis at Sotheby's has put together for sale on Wednesday a group of 129 paintings based around fairy stories and nursery rhyme themes. They are aimed at children, or rather at parents who want their offspring to develop an artistic eye in life. The nursery pictures come *from the Continent*, where the power of Grimm and the pull of Andersen are greatest, and some of the iconography may be lost on British children. But they should enjoy the colourful pictures Paul Hey created for the German editions of the two great story tellers, and a group by Eugen Osswald offers a more contemporary slant. Prices start at around £200, but range up to £4,000.

Antony Thorncroft

London International Opera Festival

The month-long London International Opera Festival begins on May 7 lasting until June 6. The 53 events include a three-week season of 20th-century opera at the Donmar Warehouse, Covent Garden (works by Sir Peter Maxwell Davies, Harrison Birtwistle, Michael Nyman and Ian McQueen); Opera 80's only London appearance at the Queen Elizabeth Hall (*Cinderella* on *May 29*); *free* open-air events in Covent Garden Piazza, a Maria Callas Exhibition at the Royal Festival Hall; rare opera films; and much more.

Video

Blossoming of nostalgia

Nigel Andrews reports on cassettes to warm the hearts of patriots

"Oh to be in England now that April's there," quoth Robert Browning. And this springtime nationalistic fervour is shared by the video companies, who clearly believe it should be extended into May as well. The cassette market is blossoming with British wares wherever one looks. And the new month offers two marathon viewing experiences which will warm every loyal Britisher's heart.

The Jewel In The Crown (Vestron) gives us the full span of Granada TV's addictive adaptation of Paul Scott's *The Raj Quartet*. All those who have already sat glued to their television sets watching the antics of Peggy Ashcroft, Charles Dance, Tim Pigott-Smith and the rest can now repeat the adhesive experience. Speaking personally, I thought it was all a clever recycling of E. M. Forster's *A Passage To India*. But I bow to the excellence of the acting and production values.

Even more satisfaction for those in imperialistic mood can be found in another TV-originated video release. The Ashes: Victory In Australia (BBC Video) is a digest of the one-sided contest which recently took place between a stout band of Englanders and an all-at-sea group of Antipodeans. Thrill to the broad bat of Broad and the gatling pugnacity of Gatting. And gaze in disbelief at the ability of the Australians to leave their stumps exposed and vulnerable when batting and their balls exposed and vulnerable (so to speak) when bowling.

Perhaps it is the sense of a nation crouching in its starting-blocks for an imminent election race that has produced this surge of interest in Britain's glories past and present. And even in some not-so-glorious but still colourful chapters in her history. This month Gandhi (RCA/Columbia) comes to video, the story of a small Indian who twice changed the course of our history. First he pushed the British army out of India, then he pushed the British film industry into the Oscars. And by diving even further back into the past, we can now re-live the reign of Britain's most picturesque monarch in the video pick of the month, Richard III (Video Collection).

Olivier's performance still has an astonishing crackle. It is a mark of great acting when a performance seems no less outrageously inventive 30 years after it first appeared than on its debut. Resembling the winner of a Best Dressed Carrion Crow award, Olivier speaks with an unforgettable staccato snap and snarl and shoots looks-that-kill over his specially-built Roman nose. The voice that launched a thousand impressionists is still better than any of them: its sotto voce moments subtler, its braying stings of wit more lethal. Olivier proves that for some actors there is no such thing as "ham" acting. If your imagination and technique are large enough, they can fill any size of characterisation, however overweeningly conceived.

Shakespeare, cricket and the Raj may not be to everyone's taste, and the month of May also offers less cultured wares. *Aliens* (CBS/Fox) is a thunderously enjoyable yarn about creepy-crawly monsters in outer space, which won Sigourney Weaver a Best Actress Oscar nomination this year. *Pirates* (Cannon) is Roman Polanski's erratic tale of jolly rogering on the high seas, with Walter Matthau as a cockney buccaneer. And *Straw Dogs* (Video Collection) is Sam Peckinpah's bizarre, compelling story of bloodshed in a Cornish village. Dustin Hoffman stars as the besieged American teacher who does not know what is hitting him, and a strong British supporting cast play, among other roles, the people hitting him. Directed by a master, and still powerful.

Finally, a warm welcome to the comic sketches gathered together in *Police Squad Vols. 1 & 2* (CIC). The *Airplane* team wrote and directed these pearls of hilarity, in which Leslie Nielsen and other straight-faced troupers take the mickey out of TV crime sagas. If you missed this series when it was broadcast recently, at odd hours and on different channels, catch it now.

WEEKEND FT

• SPORT •

Everyone is heartily sick of tennis tantrums and player power. But it is not too late to fight off ridicule. **John Barrett** reports

Tennis: time to flex the rule book

OF ALL the problems facing modern professional tennis, potentially the most damaging is the failure to control unruly players. Public support is being lost by the apparent inability or reluctance of the game to put its disciplinary house in order.

The people who I speak to are heartily sick of watching highly - paid professional players abusing officials with seeming impunity. They cannot understand how behaviour that would not be tolerated in any other sporting arena—plus language that would make even a sensitive Scots guardsman blush—is consistently ignored by umpires and referees.

The sinister aspect of recent developments is that player power seems to be at the back of it all. The players now appear able to dictate who shall be allowed to sit in the umpire's chair and who shall not. This is the only conclusion one can draw from the dismissal on March 4 of the English umpire Jeremy Shales by Marshall Happer, the administrator of the Men's International Professional Tennis Council.

That whole episode was handled extremely badly. No statement was made at the time by the MIPTC, and—disgracefully—Shales was asked if he would like to resign.

Only later were we told that Shales had been on probation since April 1986, which makes it all the more remarkable that subsequently he umpired the Benson and Hedges final at Wembley, officiated at several matches up to the semi-finals at the Nabisco Masters, and umpired the finals of both the Masters Doubles in London and the Australian Open in Melbourne. This surely is hardly the path to dismissal.

The problem for Happer is that he is a paid employee of the MIPTC, of which body the players share one third of the votes. Furthermore, he needs the co-operation of the players in trying to persuade them to undertake unpopular tournament assignments during the year as he juggles with the Grand Prix schedule.

To understand the pressure that everyone associated with this multi-million dollar section of the entertainment industry now faces, it is necessary to remember how professional tennis emerged.

Ever since the game went open in 1968, the various power blocks have struggled to gain a greater degree of control. At first it was the entrepreneurial promotors who had the whip hand through their contracts of employment with the leading players.

The Establishment fought back in 1970 by creating the Grand Prix competition whose original purpose was to kill off the promoters—an aim that failed. The women's equivalent, the World Series, came into being in 1971, because the fair sex were tired of being regarded as second-class citizens.

Then came the two players' associations—the Men's Association of Tennis Professionals, founded in 1972, and the Women's Tennis Association, which came into being a year later. Their power stemmed from control of the computer rankings, which govern the entry system to all professional tournaments.

Standing slightly aloof from the power struggle, though really part of the Establishment, were the three great Grand Slam championships—Wimbledon, the US Open, and the French Open. They were pragmatists, taking whatever action was necessary to ensure their own success. Their strength lay in the fact that the rest of the official game needed them more than they needed the official game. In addition, the players needed to win these titles to become marketable properties.

Behind the scenes, the management companies were vying with each other to represent the star players so that they could both exploit their commercial potential through endorsements and special events and also manage the smaller official tournaments by guaranteeing a good entry. Thus through their managers, the players were already very powerful.

In an effort to control the fast-expanding industry, where a week in the calendar was a prized possession, the MIPTC was founded in 1974 with representation from the players and the International Tennis Federation, the body representing the 120 or so national associations around the world.

At this time a new disciplinary code was supposed to be exercised by ATP but they failed in this role and passed authority to a joint committee with their MIPTC. In 1979 the MIPTC was expanded to include three representatives from the world's tournament directors who—after all—were raising most of the money for which the players were competing.

Discipline was still a problem, so in 1979 three Supervisors were appointed in an attempt to establish a consistent application of the rules at all men's tournaments.

There are now six supervisors. However, consistent application of an ever-expanding rulebook was not easy, so in 1985 professional umpires were employed. Shales and Richard Kaufman, an American from Seattle, were the first, and one year later they were joined by three more professional umpires.

As a regular observer of international tennis, I would say the experiment has been a qualified success. These officials have made a good job of controlling fiercely-competitive young athletes, which is never an easy job, particularly when some have become millionaire superstars. There is a tendency for certain individuals to believe they are bigger than the game. But no-one is bigger than the game.

However, the real problem lies with the rulebook itself—48 closely-printed pages detailing the Code of Conduct. There are four steps which the chair umpire must take before a player can be dismissed. The first offence brings a warning, the second a penalty point, the third a penalty game, and the fourth a default.

Unfortunately, unscrupulous players exploit the system both to unsettle an opponent and to intimidate the umpire or linesmen. For years, the single rule "play shall be continuous" was good enough. It worked considerably better than today's stop watches.

It is delightfully simple, too, with no tortuous aggrevation. If a player refuses to get on with the match for any reason except injury, then he is defaulted. I suspect that if the referee, Fred Hoyles, had elected to default John McEnroe at Wimbledon in 1981 during his first round match on Court 1 against Tom Gullikson, as the rules allowed, then we would not be in this odious situation today.

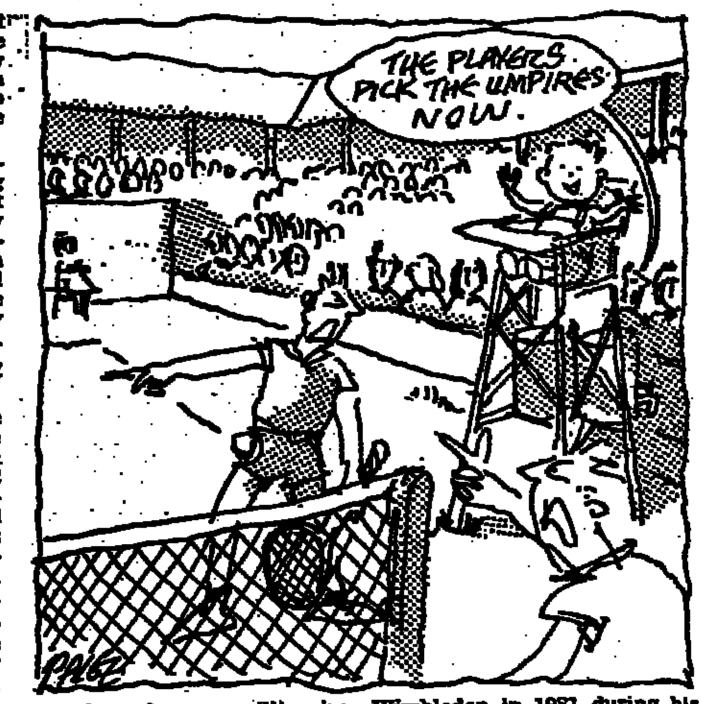
In five years player power has grown. Is it a coincidence, I wonder, that it was Shales who defaulted Jimmy Connors at Boca West early last year.

McEnroe's reaction to Shales' sacking — that it was "long overdue" — confirmed that player power had won.

The same player's outburst against Jerry Armstrong, another Englishman who is a professional umpire, during the WCT finals three weeks ago, was further confirmation of the deterioratio.

Surely the whole question of player discipline should be administered not by the MIPTC but by the ITF, which is one step removed from on-court action.

Unless a fundamental reapprisal is made of the method of administering discipline, tennis and its administrators are in danger of holding the game up to ridicule.



Storm setback on Menlungtse

CHRIS BONNINGTON's Anglo-Norwegian expedition to the unclimbed Tibetan mountain of Menlungtse has resumed its bid for the summit after a first attempt last month was defeated by a very severe Himalayan storm.

Word has been brought back to Kathmandu by the two Norwegian support climbers, who came back to Nepal partly in order to conserve supplies for the four main climbers.

One of them, Mr Helge Ringdal, told the Financial Times—which is a co-sponsor of the expedition—that they had underestimated the 23,564-ft mountain, which had turned out to be "very, very hard."

But the main problem has not been the technical climbing difficulties so much as the weather. After making Base Camp at 4,200 metres (13,780 ft) and deciding on the route, the team had reached Camp 3 and 4,200 metres (13,780 ft) when on April 9 they were hit by a storm with hurricane force winds and heavy snow, said Mr Ringdal.

The two Norwegian climbers spent a 12-hour night struggling to hold down their tent on a narrow rock ledge; Jim Fotheringham's helmet was struck by lightning; at Base Camp one of the two tents and supplies were blown away. The next day the four men retreated—"very exhausted"—to base camp.

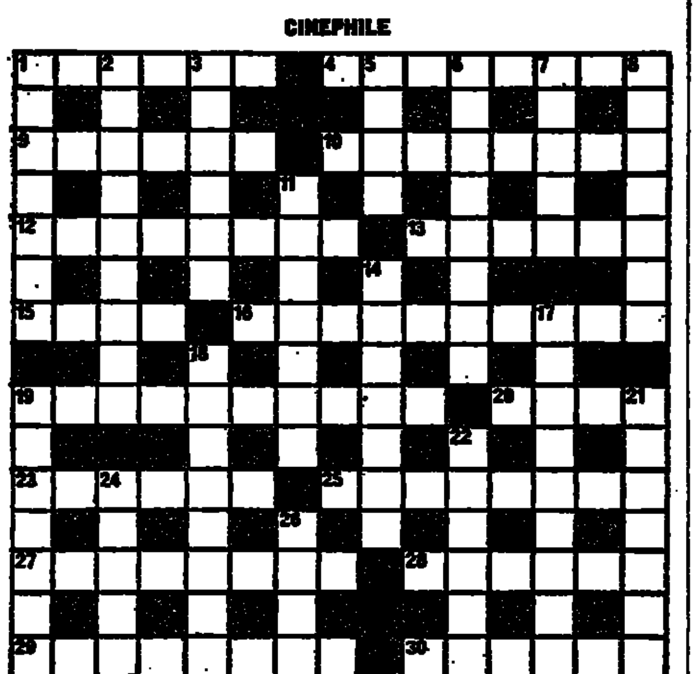
They stayed there for four days, recovering their strength and waiting for the weather to clear. Then—after sending the support climbers back on the six-day walk to Nepal—they resumed their attack on the South Face.

The FT will carry Chris Bonnington's own report from Menlungtse—sometime later this month. Previous reports appeared on February 28 and April 11.

J.D.F.J.

FT CROSSWORD PUZZLE No. 6,317

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

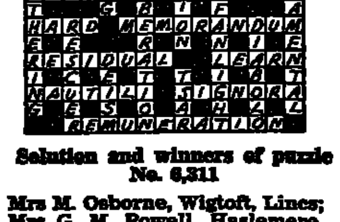
ACROSS

1 Knights' hose holder (6)
4 Knight gives weapon to fate (8)
9 Note roll with meat at Oxford College (6)
10 Knight of the dance (3, 5)
12 I left floor covering on islands in a state (8)
13 Knights' paradise with some cavaliers proceeding (6)
15 Knightley's bride gets a letter (4)
16 Where knights sit to negotiate? (5, 5)
19 Knights' boss (Knight, R.A.) upset at old city (4, 6)
20 Made noise on ladder (4)
23 Red Indian gangster in Paris (6)
25 A letting required for Knights' boss's birthplace (8)
27 Yodeller, perhaps, novice with little flesh on him? (8)
28 Knight chewed the rag (6)
29 Rule of harmony, perhaps, without middle note? (8)
30 Killed by drugs? (6)

DOWN

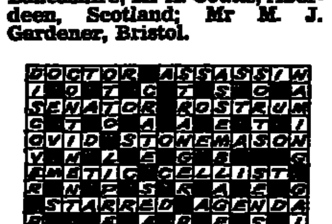
1 Knight takes cart in different age (7)
2 Purveyor of ochre for marking sheep ruled damn badly (6, 3)
3 Knight's girl has an eel I cooked (6)
5 Dry from an endless journey? (4)
6 Craved to reform an electoral system (4, 4)
7 Joint for a pound is allowed (5)
8 Roman dramatist from North-East Crete (7)
11 Swift answer of King Emperor after end of Empire (7)
14 In a little sulphur and in an essential hormone (7)
17 Squander money vulgarly like a sea of algae (4-5)
18 Single knight? (8)
19 Cooked ham with Turk in Sudan (7)
21 Celebration held by knight (7)
22 Narrow Southern characteristic (6)
24 Garment on stage with strings? (5)
26 Knights' spa? (4)

Solution to puzzle No. 6,316



Solution and winners of puzzle No. 6,311

Mrs M. Osborne, Wigtoft, Lincs; Mrs G. M. Powell, Haslemere, Surrey; Mr W. Cook, Burnley, Lancashire; Mr A. Coutts, Aberdeen, Scotland; Mr M. J. Gardener, Bristol.



TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am Family-ness. 8.35 Dogtanian and the Three Muskehounds. 11.15 Film: "Dr Who and the Daleks" starring Peter Cushing. 12.27 pm Weather. 12.30 Grandstand including: 12.30 Football Focus; 1.00 News; 1.05 Boxing from York; Racing from Haydock Park at 1.30, 2.00 and 2.30; 1.35 Rugby Preview; 2.05 Schoolboys' Match (Rugby League between Leeds and Warrington boys); 2.35 Top Tries; 2.40 Rugby League Final: The Silk Cut Challenge Cup Final: Halifax v St Helens; 4.50 Final Score.

5.05 News. 5.15 Regional Programmes. 5.20 Rolf Harris Cartoon Time. 5.45 Oliver Twist. 6.15 The Little and Large Show. 6.50 One by One. 7.40 Bob Says Opportunity Knocks. 8.30 Bergerac. 9.25 News and Sport. 9.40 Snooker. 10.30 American Basketball. 11.20 Snooker.

BBC 2

2.20 pm Chess Classic (Hubner v Short). †2.50 Film: "East of Eden" starring James Dean, Julie Harris and Raymond Massey. 4.40 Snooker. 5.55 The Week in the Lords. 6.35 When in Spain. 7.00 Newsview. 7.40 Journey to Berlin. 8.00 Festival Concert to open Berlin's 750th anniversary celebrations: Herbert von Karajan conducts the Berlin Philharmonic Orchestra. Mozart: Divertimento in D major (K334), and Strauss: Also sprach Zarathustra. 9.25 AD orothy L. Sayers Mystery: Have His Carcase. 10.20 Did You See . . .? 11.00-12.25 am Film "Blow Up" (David Hemmings stars with Venessa Redgrave).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 9.50 "Professor Poopsnaggle's Steam Zeppelin." 11.20 Terrahawks. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling 1.20 "The Count of Monte Cristo" starring Jacques Weber (TV movie). 4.45 Results Service. 5.00 News. 5.05 The Grumbleweeds Show. 5.35 A.L.F. 6.05 The A-Team. 7.00 The Birthday Show. 7.45 The Price is Right. 8.45 News and Sport. 9.00 CATS Eyes. 10.00 Parkinson One-To-One with Tom Jones. 10.45 LWT News Headlines followed by The Big Match. 11.30 Movie Premiere: "Amityville II—The Possession" starring Burt Young. 1.20 am The Party—Chapter 2.

CHANNEL 4

9.25 am Pets in Particular. 9.50 4 What It's Worth. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 The Life And Times Of Lord Mountbatten. 12.15 pm Isaura The Slave Girl. †12.55 "Shine On Harvest Moon" Anne Sheridan stars with Dennis Morgan. 3.00 Channel 4 Racing. 5.05 Brookside Omnibus. 6.00 Right To Reply. 6.30 Challenge To Sport.

7.00 News Summary followed by The Gods Of War. 7.30 A Car For Africa. 8.30 The Wine Programme. 9.00 Lost Belongings. 10.10 "Under The Volcano" Albert Finney stars with Jacqueline Bisset and Anthony Andrews. 12.05 am Don't Miss Max. 12.50 "The Last Wave" starring Richard Chamberlain.

S4C WALES

10.00 am Last Of The Hunters. 11.00 A Week In Politics. 11.45 What The Papers Say. 12.00 The Making Of Britain. 12.30 pm A Passage To Britain. 1.00 Feature Film: "Magnificent Obsession" starring Rock Hudson and Jane Wyman. 3.00 Racing From Newmarket. 3.30 Rygbi—Cwpan Schweppes: Abertawe v Caerdydd. 4.40 Racing From Newmarket. 5.15 Change Of Owner. 6.00 Right To Reply. 6.30 Challenge To Sport.

7.00 The March of Time. 7.30 Newydion. 7.50 Cymar Pwy? 8.20 Gwyl Ffilmiau Celtaidd. 9.20 Y Mass Chwarae. 10.40 Sioe Siarad III: Iaith Ar Daith. 0.55 Cynhadledd '87. .05 E.R. 11.35 Ask Dr Ruth: Aids. †12.05 am Twilight Zone.

IBA Regions as London except at the following times

CENTRAL

1.20 pm Starfleet. 1.50 The Incredible Hulk. 2.45 "Tobruk," starring Rock Hudson. 5.05 The A-Team. 6.00 ALF. 6.30 The Grumbleweeds Show. 12.40 am Prisoner Cell Block H. 1.40 "The Wild Geese," starring Richard Burton, Roger Moore and Richard Harris. 3.55 Central News Closedown followed by Central Jobfinder '87.

CHANNEL

11.58 am Today's Weather. 12.40 am The Party (Part 2).

GRAMPIAN

12.40 am Reflections.

GRANADA

1.20 pm UFO. 2.20 Porky Pig. 2.25 Easy Street. 2.55 "The Count of Monte Cristo (Part 2). 5.05 A.L.F. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 10.45 The Big Match. 11.45 Movie Premier: "Amityville II."

HTV

11.57 am HTV News. 12.40 am The Party (Action Against Aids—Part One).

SCOTTISH

12.40 am Late Call.

TSW

11.57 am TSW News. 1.20 pm Fisheries News. 1.35 The Champions. 2.45 The Saturday Matinee: "Tobruk" starring Rock Hudson and George Peppard. 5.05 Newsport. 5.10 Knight Rider. 5.35 The Grumbleweeds Show. 6.05 Blockbusters. 6.35 A.L.F. 12.40 am Postscript.

TVS

11.57 am TVS Weather. 10.45 pm The Big Match. 11.45 Movie Premiere: "Amityville II—The Possession." 1.40 am Company.

TYNE TEES

5.05pm ALF. 5.35 The A-Team. 6.30 The Gumbleweeds Show. 10.45 The Big Match. 11.30 "Amityville II." 1.20 am Poetry Of The People.

ULSTER

11.58 am Lunchtime News. 4.55 Sports Results. 5.03 Ulster News. 5.05 ALF. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 8.57 Ulster News. 12.40 am News At Bedtime.

YORKSHIRE

5.05 pm A.L.F. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 12.40 am The Saturday Late Film: "The Choirboys," starring Charles Durning, Lou Gossett Jnr and Perry King. 2.50 Jobfinder.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm The News Huddlines. 1.30 Sport On 2 including Football; Rugby League (Silk Cut Challenge Cup Final: Halifax v St Helens); Rugby Union; Racing from Newmarket; Cricket; and at 5.00 Sports Report. 6.00 Pop Score. 6.30 Old Stagers. 7.00 The Press Gang. 7.30 European Gala Concert. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gally. 1.00 Steve Madden presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. ...11.20 Chicago Symphony Orchestra: Ives (The unanswered question). Mozart (violin Concerto in A, K219 with Young Uck Kim); 12.10 pm Interval Reading) 12.15 Tchaikovsky (Suite No 1). 1.00 pm News. 1.05 Early String Quartes. 1.55 Clifford Benson, piano recital. 2.40 My Childhood. 2.55 Symphonies: Nielsen's 4th and Haydn's No 29 played by the BBC Welsh SO. 3.50 Box On The Ear. 4.15 Cello And Piano. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.30 Music For Organ. 7.25 Alfred Palms. 8.00 BBC Symphony Orchestra At The Brighton Festival (live relay) Concert of music by Per Norgaard, part 1: Frost Psalm, Cello Concerto. 8.50 A Musical Friend. 9.10 Brighton Festival, part 2: Norgaard's 4th Symphony and "Wie ein Kind." 10.05 Facts And Fiction. 10.30 Arthur Somervell: Song cycle: Maud, sung by David Wilson-Johnson. 11.10 Another World: Music From India. 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport On 4. 9.30 Breakaway. 10.00 News; Loose Ends. 11.00 The Week In Westminster. 11.25 From Our Own Correspondent. 11.55 The Weekend On 4. 12.00 News; Money Box. 12.27 pm Just A Minute. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; Alistair Cooke's American Collection. 2.30 The Afternoon Play (S). 3.45 Take The Wheel. 4.00 News; International Assignment. 4.30 Science Now.

5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports round-up. 6.25 Stop The Week with Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller. 9.50 Ten To Ten (S). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature (S). 10.45 The Best Day of Your Life? 11.00 Nineteen Ninety-Eight (S). 11.30 Unnatural Acts (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith. 9.30 This Is The Day. 10.00 A Touch of the Butterflies. 10.30 Micro File. 10.55 Two Nations? 11.20 You In Mind. 11.30 The Goods Kitchen. 11.45 Politics of Pressure. 12.10 pm Sign Extra. 12.35 Farming.

12.58 Weather for Farmers. 1.00 This Week Next Week. 2.00 Eastenders. 3.00 Anything You Can Do. 3.55 Eurovision Song Contest Previews. 4.30 Cartoon. 4.35 The Muppet Show. 5.00 Unnatural History. 5.50 The Animals Roadshow. 6.25 News. 6.40 Songs of Praise.

7.15 The Russ Abbot Show. 7.45 The District Nurse. 8.35 Mastermind. 9.05 News. 9.20 That's Life. 10.05 When I Get To Heaven. 10.40 Video Active. 11.05 Grand Prix (Hhighlights of the San Marino Grand Prix).

BBC 2

1.30 pm Rugby Special. 2.30 Sunday Grandstand including 2.30 Motor Racing (The San Marino Grand Prix); 4.00 Snooker (Embassy World Professional Final); 5.40 Ice Hockey; 6.20 Rugby League. 6.40 The Money Programme. 7.15 On The House. 7.45 Verdi's "A Masked Ball" (Un ballo in maschera) starring Luciano Pavarotti as Gustav II of Sweden, conducted by Claudio Abbado (also in stereo on Radio 3). 10.15-12.35 am Embassy World Professional Snooker Final from the Crucible Theatre in Sheffield.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Disney's Adventures of the Gummi Bears. 10.00 Get Fresh. 10.30 The Adventures of Black Beauty. 11.00 Morning Worship. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Getting On. 2.00 LWT News Headlines followed by Revelations. 2.30 "The Incredible Shrinking Woman," starring Lily Tomlin. 4.10 Walt Disney Presents. 4.30 Supergran.

5.00 Show Me. 5.30 Hart to Hart. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Catchphrase. 7.45 Live From the Palladium. 8.45 News. 9.00 Fields of Fire. 11.00 LWT News Headlines followed by Cutter to Houston. 11.55 The Party—Chapter 3.

CHANNEL 4

9.25 am Sunday East followed by Deewarain. 10.00 The World This Week. 11.00 Superchamps. 11.30 Worzel Gummidge. 12.00 Network 7. 2.00 pm The Pocket Money Programme. 12.30 "Song of Love," starring Katharine Hepburn and Paul Henreid.

4.45 Early Musical Instruments. 5.15 News Summary followed by The Business Programme. 6.00 Ice Skating. 7.00 Challenge to Sport. 7.15 The World At War. 8.15 Dance On 4. 9.10 State of the Union. †10.10 "Sunset Boulevard," William Holden stars with Gloria Swanson and Erich Von Stroheim.

S4C WALES

9.00 am Hafoc. 10.000 The World This Week. 11.00 Superchamps. 11.30 Worzel Gummidge. 12.00 Network 7. 2.00 pm Hoci Ia. 2.45 World of Animation. †3.00 Feature Film: "The Keyhole" starring Kay Francis, George Brent and Glenda Farrell. 4.15 A Car for Africa. 5.15 The Business Programme. 6.00 Skating.

7.00 Challenge to Sport. 7.20 Newyddion. 7.30 Cais am gan. 8.00 Pobol y cwm. 8.30 Dechrau canu dechrau canmol. 9.00 Plu chwithig. 9.35 Dyddiau dyn. 10.25 Snwcer. 11.05 Feature Film: "A Man for all Seasons" starring Paul Scofield with Susannah York.

IBA Regions as London except at the following times:

ANGLIA

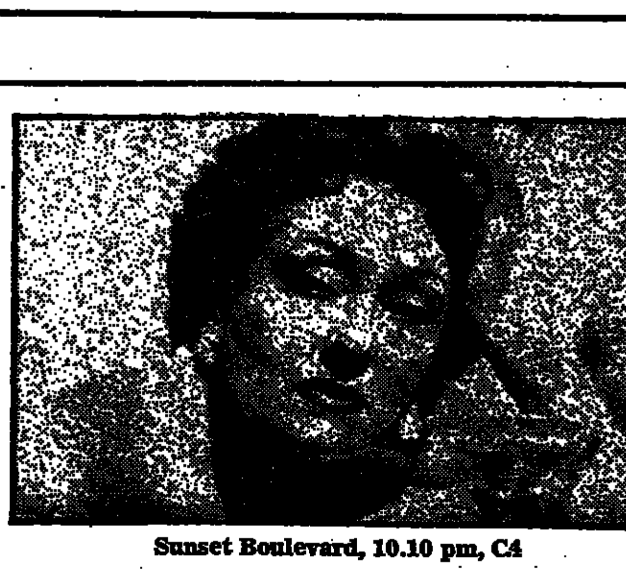
9.25 am Cartoon. 1.00 pm Anything Goes. 1.25 Weather Trends. 1.30 Farming Diary. 11.00 The New Avengers. 12.00 Rock of the Seventies. 12.40 am He Is Risen.

BORDER

9.25 am Border Diary. 1.00 pm Farming Outlook. 5.30 The Fall Guy. 11.00 Playhouse.

CENTRAL

9.25 am Max the 2000 Year Old Mouse. 1.00 pm Getting On. 1.30 Here and Now. 2.30 "Diamonds" starring Robert Shaw. 5.00 Cloughie's Golden Oldies. 5.30 TV Censored Bloopers. 11.00 Prisoner Cell Block H. 12.00 The Schi-Fi: "Time After Time" starring Malcolm McDowell. 2.00 am The Euro Cops. 3.00 Central News Closedown followed by Central Jobfinder '87.



Sunset Boulevard, 10.10 pm, C4

9.25 am Today's Weather. 9.28 Starting Point. 1.00 Les Francais Chez Vous. 5.30 Scarecrow and Mrs King. 6.25 Channel News Headlines. 11.00 The Party (Pt 3). 12.00 Short Story Theatre.

GRAMPIAN

9.25 am Cartoon. 11.00 Recollections—Wynford Vaughan Thomas. 11.30 A Full Life—James Fox. 1.00 pm Farming Outlook. 1.30 Sixth Sense. 2.30 Highway to Heaven. 3.30 Benson. 4.00 Show Me. 5.00 Scotsport. 6.00 Diff'rent Strokes. 11.00 US Documentary. 12.00 Reflections.

GRANADA

9.25 am Crystal Tipps and Alistair. 1.00 pm Members Only. 1.05 Aap Kaa Hak. 1.10 An Invitation to Remember: Flora Robson. 1.40 This Is Your Right. 5.00 The Love Boat. 6.00 Sweethearts. 11.00 Alfred Hitchcock Presents. 11.25 Promises and Piecrust. 11.55 Show Express.

TVS

9.25 am Employment Action! 1.00 pm Agenda. 1.30 Farm Focus. 5.30 Scarecrow and Mrs King. 6.25 TVS News. 11.00 The Party: Action Against Aids. 12.00 Short Story Theatre. 12.30 am Company.

TYNE TEES

9.25 am Hellow Sunday. 1.00 pm Farming Outlook. 1.30 Rally Cross (Shell Oils British Open). 5.00 Northern Life—Sunday Edition. 5.30 Classic Creatures—The Return of the Jedi. 11.00 The Hammer House of Mystery and Suspense. 12.20 am Epilogue.

HTV

9.25 am Max the 2000-year-old Mouse. 1.00 pm West Country Farming, followed by Weather for Farmers. 5.00 Mary. 5.30 Crazy Like a Fox. 6.35 HTV News. 11.00 Downtown. 12.00 Dining In France.

HTV Wales—As HTV West except—5.00-5.30 pm Survival.

SCOTTISH

9.25 am Peter's Adventures. 11.00 Sunday Documentary: "Praise The Lord—TV for Jesus." 11.30 Farming Outlook. 1.00 pm The Glen Michael Cavalcade. 2.00 The Good Physician—Profile of Sir David Cuthbertson. 5.00 Scotsport. 6.00 Show Me. 11.00 Late Call. 11.05 Meltdown.

TSW

9.25 am Look and See. 1.00 pm Postscript. 1.05 The South West Week. 1.30 Farming News. 4.20 Gus Honeybun's Magic Birthdays. 4.30 Gardens For All. 5.00 Supergran. 5.30 Diff'rent Strokes. 6.00 Show Me. 6.35 TSW News. 11.00 Ray Bradbury Theatre. 11.30 Promises and Piecrust. 11.55 Postscript Postbag.

ULSTER

9.25 am Cartoon Time. 12.58 pm Lunchtime News. 1.00 Getting On. 1.30 Advice with Anne Hailes. 1.58 Farming Weather. 5.30 Sing Out. 6.00 The Duck Factory. 6.38 Ulster News. 8.57 Ulster News. 11.00 Sports Results. 11.05 Chalk and Talk. 11.30 Rock Specials (Al Stewart). 12.15 am News at Bedtime.

YORKSHIRE

9.25 am Cartoon Time. 1.00 pm Getting On. 1.25 Farming Diary. 2.30 Sunday Cinema: "The Thirty-Nine Steps," starring Robert Powell. 5.00 Hart to Hart. 6.00 Sweethearts. 11.00 Insight. 11.30 The Silk Road. 12.30 am Five Minutes. 12.35 Jobfinder.

Stereo on VHF

BBC RADIO 2

7.30 am Roger Royle says "Good Morning Sunday." 9.05 Melodies For You. 11.00 Desmond Carrington with Your Radio 2 All-time Greats. 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green (VHF). 3.00 Alan Dell (VHF). 4.00 Gillian Humphreys Sings (VHF). 4.30 Sing Something Simple (VHF). 5.30 Charlie Chester with your Sunday Soapbox. 7.30 Ian Wallace presents No Better Than They Should Be. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From the Shows. 10.30 Jazz Score. 11.00 Sounds of Jazz with Tony Russell, including after midnight the Michael Garrick Big Band. 1.00 am Steve Madden presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Wilhelm Backhaus, the pianist in Mozart and Brahms. 8.00 World Service News. 8.10 Musica Antiqua Cologne. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Hakan Hagegard and Warren Jones: Schubert's "Schwanengesang." 12.15 pm Shostakovich (Prelude and Scherzo Op 11), Britten (Cantata: Phaedra): 12.40 Interval Reading). 12.50 Shostakovich (Symphony No 14). 1.50 Box on the Ear. 2.10 Shura Cherkassky 1982 piano recital: Beethoven, Bartok, Chopin, Prokofiev. 3.50 Langham Chamber Orchestra: Mozart (Symphony No 33), Vorisek (Symphony in D Op 24). 4.45 Jack Brymer and Ian Lake (clarinet and piano recital): Weber, Neville Bower, Joseph Horovitz. 5.30 The Little Platoon—The Long Struggle for the Falklands. 6.15 Sterndale Bennett's 2nd Piano Concerto, played by Malcolm Binns, and Haydn's Symphony No 98. 7.10 The Living Poet: Irina Ratushinskaya. 7.45 "Un Ballo in Maschera," Verdi's opera sung in Italian in a recording from the Vienna State Opera conducted by Abbado and featuring Luciano Pavarotti (a simultaneous broadcast with BBC2). 10.15 Tchaikovsky: Piano Trio Op 50 played by the Parikian/Milne/Fleming Trio. 11.05 Scarlatti sonatas and the Salve Regina, and a concerto grosso by Avison. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday including 7.55 Weather; Travel. 8.00 News. 8.10 Sunday Papers. 8.50 The Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week. 12.10 pm It's Your World. 12.55 Weather. 1.00 The World this Weekend. 1.55 Shipping Forecast. 2.00 News; Gardeners' Question Time. 2.30 The Lord of the Rings (S). 3.30 The Radio Programme. 4.00 News; The Food Programme. 4.30 The Radio Correspondents (Rene Cutforth).

5.00 News; Travel. 5.05 Down Your Way. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News. 6.15 Australia Bound. 6.30 Ray Gosling Gets A Taste Of . . . 7.00 The Robe (S). 8.00 Bookshelf. 8.30 The Star, The Light, The Flame (S). 9.00 News; The Jago. 9.30 Forest Frontier. 9.55 Weather; Travel. 10.00 News. 10.15 The Sunday Feature (S). 11.00 Before the Ending of the Day (S). 11.15 In Committee. 12.00-12.15 am News.